

COUNTY OF BRUNSWICK

NORTH CAROLINA



*COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR END JUNE 30, 2003*

**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended
June 30, 2003***

***Prepared by the Brunswick County Finance Office
Lithia E. Brooks, Director of Fiscal Operations***

INTRODUCTORY SECTION	<u>Page</u>
Letter of transmittal	1
Certificate of Achievement for Excellence In Financial Reporting	7
List of principal officials	8
Organizational chart	9

FINANCIAL SECTION	
Independent Auditors' Report	10
Management's Discussion And Analysis.....	12
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets.....	24
Statement of Activities.....	25
Fund Financial Statements:	
Balance sheet – governmental funds	26
Statement of revenues, expenditures and changes in fund balances (deficit) – governmental funds	28
Statement of revenues, expenditures and changes in fund balances - budget and actual – General Fund and the County Capital Reserve Fund.....	29
Statement of fund net assets – proprietary funds.....	30
Statement of revenues, expenses and changes in net assets - proprietary funds.....	31
Statement of cash flows - proprietary funds	32
Statement of fiduciary net assets – agency funds.....	33
Combining statement of net assets - discretely presented component units	34
Combining statement of activities - discretely presented component unit.....	35
Notes to financial statements	36
Required Supplemental Financial Data:	
Law enforcement officers' special separation allowance - required supplemental information - schedule of funding progress.....	72
Law enforcement officers' special separation allowance - required supplemental information - schedule of employer contributions	73
Combining and Individual Fund Statements and Schedules:	
Comparative balance sheet – General Fund	74
Supplemental statement of revenues and expenditures – budget and actual and changes in fund balance:	
General Fund.....	75
County Capital Reserve Fund	89
Supplemental schedule of revenues and expenditures – budget to actual and changes in fund balance:	
Grant Project Fund.....	90
Schools Capital Projects Fund.....	91
County Capital Projects Fund.....	92
Combining balance sheet – non major governmental funds.....	93
Supplemental combining statement of revenues, expenditures and changes in fund balance (deficit) – non major governmental funds.....	94

	<u>Page</u>
Supplemental statement of revenues and expenditures - budget and actual and changes in fund balance:	
Occupancy Tax Fund.....	95
Brunswick County Leasing Corporation Fund	96
Emergency Telephone System Fund	97
Revaluation Fund.....	98
SAD Revolving Fund	99
Special School Capital Reserve (Ad Valorem) Fund.....	100
School Capital Reserve (Sales Tax) Fund	101
Register of Deeds Technology Enhancement Fund.....	102
Schedule of revenues and expenditures – budget and actual:	
Water System Operating Fund	103
Water Capital Reserve.....	104
Schedule of revenues and expenditures – budget to actual:	
Northwest Water Line Project Fund.....	105
2002 Waterline Capital Project Fund	106
2001 Waterline Capital Project Fund	107
Bellswamp Upgrade Capital Project Fund	108
Schedule of revenues and expenditures – budget and actual:	
Sewer Fund.....	109
Schedule of revenues and expenditures – budget to actual:	
Countywide Regional Wastewater Fund.....	110
Northeast Brunswick Waste Water Facility Capital Project Fund.....	111
Combining statement of changes in assets and liabilities - Agency Funds	112
Comparative balance sheet – General Fund	114
Supplemental statement of revenues, expenditures and changes in fund balance – General Fund	115
Schedule of revenues an expenditures – budget and actual and changes in fund balance – General Fund	116
Capital assets used in the operation of governmental funds – schedule by function and class	117
Capital assets used in the operation of governmental funds – schedule of changes by function and activity.....	119
Supplemental Financial Data:	
Schedule of ad valorem taxes receivable - General Fund.....	121
Analysis of current tax levy - county-wide levy	122

STATISTICAL SECTION (UNAUDITED)

General governmental expenditures by function	123
General governmental revenues by source.....	124
Property tax levies and collections - General Fund	125
Assessed value of taxable property	126
Property tax rates - direct and all overlapping governments	127
Ratio of net general obligation bonded debt to assessed value and net general obligation bonded debt per capita.....	128
Computation of legal debt margin	129
Ratio of annual debt service expenditures for general obligation bonded debt to total general governmental expenditures.....	130
Computation of direct and underlying debt - general obligation bonds	131
Demographic statistics	132
Property value, construction, and bank deposits	133
Ten largest taxpayers.....	134
Ten largest employers.....	135
Miscellaneous statistics.....	136

COMPLIANCE SECTION

Independent auditors' report on compliance and on internal control reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards.....	137
Independent auditors' report on compliance with requirements applicable to each major federal program and internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.....	139
Independent auditors' report on compliance with requirements applicable to each major state program and internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.....	141
Schedule of findings and questioned costs.....	143
Corrective action plan	146
Summary schedule of prior year's audit findings	147
Schedule of expenditures of federal and State awards	148

October 31, 2003

Honorable Members of the Brunswick County Board of Commissioners and Citizens of Brunswick County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Brunswick County for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of Brunswick County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Brunswick County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Brunswick County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Brunswick County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Dixon Odom PLLC, a firm of licensed certified public accountants, has independently audited Brunswick County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Brunswick County for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Brunswick County was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with

special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the compliance section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Brunswick County's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has a population of 80,751, which has grown 208% since 1970. It is the third largest county in the State, having a land area of 896 square miles.

Brunswick County is primarily rural in nature, with the exception of 18 small municipalities, two sanitary districts and two water and sewer authorities located throughout the County. The County seat is located near the Town of Bolivia, in the approximate geographic center of the County.

The County is governed by a Board of Commissioners (the "Board") consisting of five members elected on a partisan basis, with Commissioners running from and representing districts, but being elected at large for four-year staggered terms in November of even numbered years. The Board takes office on the first Monday in December following each election. The Board elects a chairman and vice-chairman from among its members.

The major duties of the Board include adoption of the annual budget, setting of the annual property tax rate, and appointment of various officials (County Manager, County Attorney, Clerk to the Board, and members of County boards and commissions). In addition, the Board can adopt policies concerning the operation of the County, plan for county needs and enact local ordinances. The Board also has authority to call bond referenda, enter into contracts and establish new programs and departments.

Brunswick County, like most counties in the State, has a Commissioner/Manager form of government. The manager is appointed by the Board, and serves at its pleasure.

Brunswick County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. This report encompasses the County's activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Brunswick County Schools and Brunswick Community College.

The financial reporting entity includes all funds and account groups of the primary government (Brunswick County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units, if applicable, are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government.

The Brunswick County Leasing Corporation, a legally separate entity, is a component unit; however, it is blended into the County's financial statements since the Corporation exists to issue and service debts used to finance and acquire assets for the County. The Brunswick County Hospital Authority, the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission are reported as discretely presented component units in the financial statements. The Brunswick County Industrial Facility and Pollution Control Financing Authority is also a component unit of Brunswick County however, this Authority has no financial transactions or account balances and is therefore not reported in the financial statements.

The annual budget serves as the foundation for Brunswick County's financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General Fund and three annually budgeted special revenue funds. Note 2 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund and special revenue fund for which an appropriated annual budget has been adopted. These comparisons for the General Fund and County Capital Reserve Fund are presented on page 29 as part of the basic financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Brunswick County operates.

Local economy. Brunswick County is one of the fastest growing counties in North Carolina. The permanent population continues to grow at a rate close to 5 percent annually as it has over the last ten (10) years. Tourism income remained steady, as did most of the County's manufacturing facilities. Since 1990, Brunswick County has had over eighty (80) plant announcements, creating 3,795 new jobs and over \$258 million in new capital investment. Brunswick County has five (5) improved industrial parks with great potential for future development.

The County's diversified economy is based primarily upon tourism, manufacturing and agriculture. Because the County does not rely heavily on textile jobs, as do most rural North Carolina counties, tourism has become the fastest growing economic base in the County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water. Agriculture remains an important factor in the County's economy with the principal crops grown being tobacco, corn, soybeans, various grains, sweet potatoes, truck crops and blueberries. The raising of livestock and poultry also contributes significantly to the agricultural economy along with greenhouse and nursery operations. Tourism or service sector jobs account for 78%, with manufacturing accounting for 20%, and finally agriculture/seafood accounting for the remaining 2% of employment in Brunswick County.

The county's unemployment rate remains near 6.4 percent, which compares favorably to the State of North Carolina's unemployment rate of 6.7 percent. The County's high growth rate is

due to many young to middle age people moving to Brunswick County for its quality of life. This factor will keep the unemployment rate at a sustainable level. Also, due to the County's high growth rate, residential and commercial developments remain very strong.

Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-eight (38) state of the art golf courses (with new courses under construction and in the planning stages) with most having residential/commercial development associated with them are located in the County.

CP&L and DAK American continue to be the largest taxpayers. However, diversification in the manufacturing base will continue to strengthen the county's economy and protect its good bond rating.

Long-term financial planning. The County's Capital Improvement Plan through the year 2008 provides a plan, based on need, to fund and acquire various projects. The County anticipates the issuance of \$7.5 million of certificates of participation to build a new County Detention Center and Law Enforcement Administration facility in FY 2003-2004 with completion to occur in 2005. The County will also be issuing \$13.88 million of general obligation bonds in early 2004, which will complete the issuance of the \$83.5 million school bond referendum passed in 1999. No other bond authorizations are outstanding.

Also included in the County Capital Improvement Plan are utility projects that equal approximately \$1.1 million. These projects consist of the acquisition of generators and switchgear at the Northwest Surface Water Treatment Plant, as well as the upgrade of the surge tank at the Bell Swamp Pumping Station in fiscal year 2003-2004. Also included in this same fiscal year period are four (4) water capital projects that will provide water to approximately 210 new customers.

The County anticipates selling, in calendar year 2004, approximately \$25 million of revenue bonds that will provide supplemental funding for the West Brunswick Regional Wastewater System. The total estimated cost for the region wastewater system is approximately \$45 million. Approximately \$20 million of this project will be funded by the State of North Carolina, Division of Water Quality by way of a low interest loan for a term not to exceed twenty-five (25) years. The West Brunswick Regional Wastewater System will provide for the effluent to be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional Wastewater System. When completed, this project will be fully supported by user charges. Plans and specifications for the wastewater treatment facility, land application site(s), transmission mains (collectors) and pumping facilities for the West Brunswick Regional Wastewater System are completed. Along with this effort, the County has revised its sewer use ordinance and has adopted a county-side storm water management ordinance and program to enhance the effectiveness of the regional wastewater system concept. This project is anticipated to be complete by mid 2005, and will serve the Town of Holden Beach, St. James as well as large residential and commercial developments within the service area.

The County has also completed the Northeast Brunswick Regional Wastewater Treatment System, which will be in full operation before the end of fiscal year 2003-2004. The Northeast Brunswick Regional Wastewater System will serve the Town of Leland, Navassa and the North Brunswick Sanitary District, and like the West Brunswick Regional Wastewater System, it will be fully supported by user charges.

Cash management policies and practices. Under the authority of North Carolina General Statute 159-30, the County invests in obligations of the United States Treasury and several of its agencies and instrumentalities. The objectives of the County's investment program are safety, liquidity and yield in that order. Investment vehicles are chosen with the greatest emphasis placed on credit quality and maturity. The cash and investment portfolio balance for the fiscal year ended June 30, 2003 for all funds except bond proceeds in certain capital project funds is \$69.3 million. The average yield on investments was 0.75 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

In addition to its investment portfolio, the County has invested bond and installment purchase proceeds at the North Carolina Capital Management Trust. These separate investment accounts are used as a means to maximize investment yield while segregating investment earnings on financing proceeds for federal arbitrage purposes. At June 30, 2003 the County had five (5) such accounts totaling \$34 million in unexpended financing proceeds and accumulated interest earnings.

Risk management. The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has secured insurance from various underwriters to cover property, general liability, and workmen's compensation issues. Employee health coverage is also provided through a self-insured program administered by Blue Cross and Blue Shield of North Carolina.

Pension and other post employment benefits. Brunswick County provides pension benefits through a statewide plan managed by the State Treasurer. Brunswick County has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the retirement system.

Brunswick County administers a single-employer defined benefit pension plan for its qualified sworn law enforcement officers. The County has chosen to fund the pension plan on a pay as you go basis. Pension expenditures are made from the general fund annually, and benefits are recognized when due and payable in accordance with the terms of the plan.

Brunswick County also provides postretirement health and dental care benefits for qualified retirees and their dependents. As of June 30, 2003, there were 58 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on Brunswick County's pension arrangements and post employment benefits can be found in Note 10 in the notes to the financial statements.

Awards and Acknowledgements

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. This is the third year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of the annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Furthermore, Patricia P. Galloway, Assistant Director of Fiscal Operations, effectively managed the year-end closing of the accounting system and report preparation. Also providing substantial support in report preparation and related accounting activities were Julie Miller, Fiscal & Customer Service Specialist and Pamela Barrett, Fiscal Coordinator Supervisor. We would like to also acknowledge Dixon Odom PLLC for its efforts in the preparation of this report.

In closing, without the continued leadership and support of the Board of County Commissioners, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in cursive script that reads "Lethia E. Brooks". The signature is written in black ink and is positioned above the typed name and title.

Lithia E. Brooks
Director of Fiscal Operations

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Brunswick,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Costa

President

Jeffrey R. Emmer

Executive Director

*County of Brunswick, North Carolina
List of Principal Officials
June 30, 2003*

Board of County Commissioners

*David R. Sandifer, Chairman
J. Phillip Norris, Vice-Chairman
William E. Sue
Mae Moore
Tom B. Rabon, Sr.*

County Officials

*Marty Lawing
Ronald Hewett
Robert J. Robinson
Debby Gore
Huey Marshall
Lithia E. Brooks
Lynda Britt
Martha Warner
Randal Thompson*

*Donald Yousey
Leslie Bell*

*Vonnie Fullwood
Boyd Williamson
Vacant
Jamie Orrock
Lee Smith
Harry Yoder
Maurice Tate
George Page*

*County Manager
Sheriff
Register of Deeds
Clerk to the Board
County Attorney
Director of Fiscal Operations
Director of Elections
Cooperative Extension Director
Director of Emergency
Management & Services
Health Director
Director of Planning, Zoning
and Central Permitting
Public Housing Director
Tax Administrator
Revenue Collector
Director of Social Services
Public Utilities Director
Veteran Services Officer
Library Director
Parks & Recreation Director*

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the respective budgetary comparisons for the general fund and the county capital reserve fund of the County of Brunswick, North Carolina, as of and for the year then ended June 30, 2003, which collectively comprise the County's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority or the Brunswick County Airport Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Brunswick County Hospital Authority, were not audited in accordance *with Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Brunswick, North Carolina, as of June 30, 2003 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and the county capital reserve fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the County adopted Governmental Accounting Standards Board Statement Number 34 during the year ended June 30, 2003 and increased its capitalization threshold for capital assets.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress and Schedule of Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2003 on our consideration of the County of Brunswick's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the basic financial statements of the County of Brunswick, North Carolina, taken as a whole. The combining and individual fund financial statements and schedules, the schedules related to the capital assets used in the operation of governmental funds, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Brunswick, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory section or the statistical sections of this report and, accordingly, express no opinion thereon.

October 2, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Brunswick County, we offer readers of Brunswick County's financial statements this narrative overview and analysis of the financial activities of Brunswick County for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

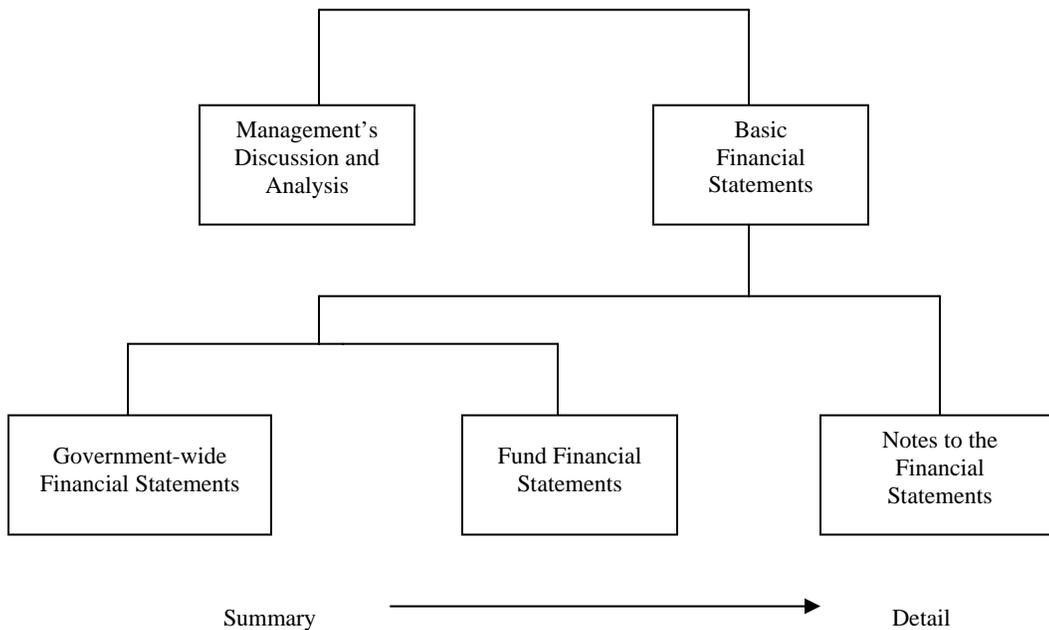
- The assets of County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$55.8 million (*net assets*). The County's net assets is impacted considerably by the general obligation debt the County has issued on the behalf of the school system to fund school capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the School System. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of sales taxes and general obligation debt. The assets funded by the County are owned, utilized, and maintained by the School System. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the school general obligation debt is approximately \$71.4 million dollars. Furthermore, the entire amount of school general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.
- The County's net assets of governmental activities decreased by \$11.8 million which resulted from the County's capital asset threshold being raised from \$500 to \$5,000 or a decrease of \$1.5 million, corrections of errors or an increase of \$3.2 million, and current year activity or a decrease of \$13.5 million.
- As of the close of the 2003 fiscal year, the County's general fund reported an unreserved fund balance of \$34.4 million, down from \$35.2 million in the prior fiscal year. This minimal decrease was due primarily to the State of North Carolina withholding County funds at its discretion due to the State's budget shortfall. Of this amount, approximately \$8.96 million has been designated for subsequent year expenditures resulting in approximately \$25.5 million being reported as available for spending at the government's discretion (*undesignated fund balance*).
- The County's general obligation debt increased by \$18.32 million during the current fiscal year. This increase was solely for the general obligation bonds issues for school capital needs.
- The County maintained its A+ (Fitch), A1 (Moody's Investor Services) and A+ (Standard & Poor's) bond ratings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Brunswick County's basic financial statements. Brunswick County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Brunswick County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

The final section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes, **supplemental information** provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements.

Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Brunswick County's finances, in a manner similar to a private-sector business.

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Brunswick County include general government, public safety, public education, economic development, and general administration. The business-type activities of Brunswick County are water and sewer services offered by the County.

The government-wide financial statements include not only Brunswick County itself (known as the primary government), but also the Brunswick County ABC Board, Economic Development Commission, Airport Commission, Tourism Development Authority, and Hospital Authority. Although legally separate from the County, these boards, commissions and authorities are important to the County because the County exercises control over their members by appointing them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24 and 25 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of The County can be divided into three categories: governmental funds, proprietary funds, and agency funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available

for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The County maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer activities. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Agency Funds - Agency funds are used to account for assets the County holds on behalf of others. The County has seven agency funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-71 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on pages 72 and 73 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2003 are the beginning of a new era in financial reporting for Brunswick County and many other units of government across the United States. Prior to this year, the County maintained governmental and proprietary fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the County as a whole. A total column appeared on the financial statements, but only as a memorandum total. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the County. These statements were basically the equivalent of

the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the County's financial reports. While Brunswick County was required to implement these changes for the fiscal year ended June 30, 2003, other units may not be required to implement until 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are available, they have been included, such as with net assets. Future years' reports will include more comparative data that will allow more opportunities for analysis.

Brunswick County's Net Assets
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 94,759,800	\$ 92,743,347	\$ 15,436,852	\$ 13,934,549	\$ 110,196,652	\$ 106,677,896
Capital assets	69,330,845	66,335,821	83,870,315	75,990,707	153,201,160	142,326,528
Total assets	<u>164,090,645</u>	<u>159,079,168</u>	<u>99,307,167</u>	<u>89,925,256</u>	<u>263,397,812</u>	<u>249,004,424</u>
Long-term liabilities outstanding	97,954,135	82,564,724	3,509,527	7,149,878	101,463,662	89,714,602
Other liabilities	10,307,816	8,892,332	6,743,824	8,803,894	17,051,640	17,696,226
Total liabilities	<u>108,261,951</u>	<u>91,457,056</u>	<u>10,253,351</u>	<u>15,953,772</u>	<u>118,515,302</u>	<u>107,410,828</u>
Net assets:						
Invested in capital assets, net of related debt	52,864,945	41,397,709	76,595,678	64,922,094	129,460,623	106,319,803
Restricted	30,669,506	31,682,130	-	-	30,669,506	31,682,130
Unrestricted	(27,705,757)	(5,457,727)	12,458,138	9,049,390	(15,247,619)	3,591,663
Total net assets	<u>\$ 55,828,694</u>	<u>\$ 67,622,112</u>	<u>\$ 89,053,816</u>	<u>\$ 73,971,484</u>	<u>\$ 144,882,510</u>	<u>\$ 141,593,596</u>

The assets of Brunswick County governmental activities exceeded its liabilities by \$55.8 million as of June 30, 2003. Net assets is reported in three categories: invested in capital assets, net of related debt of \$52.9 million, restricted net assets of \$30.7 million, and unrestricted net assets of (\$27.7) million.

The invested in capital assets, net of related debt category is defined as the County's investments in County-owned capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets. Brunswick County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

The second category of net assets is restricted net assets. This category represents resources that are subject to external restriction that limit Brunswick County's ability to access and use these funds beyond the purpose for which they were provided. Unexpended school bond proceeds of \$23.2 million and statutorily restricted revenues of \$7.5 million are typical of amounts usually included within this category.

The final category of net assets is unrestricted net assets. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2003, the unrestricted deficit of \$(27.7) million in governmental activities is attributable primarily to the general obligation bonds issued by Brunswick County for the school system. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the school debt is reportable within the unrestricted category of the net assets rather than as part of the category invested in capital asset net of related debt. The breakdown of the unrestricted portion of net equity is defined as follows:

School System Debt	\$(71.4) million
All Other	<u>43.7</u> million
Total unrestricted (deficit)	<u>\$(27.7)</u> million

The impact of the inclusion of the school system debt without the corresponding assets was offset by the following positive operational initiatives and results:

- Revaluation of property tax values every four years versus every eight years as statutorily required by the State of North Carolina.
- Continued low cost of debt due to Brunswick County's excellent bond ratings.

Brunswick County Changes in Net Assets
Figure 3

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues:			
Program revenues:			
Charges for services	7,616,474	14,715,413	22,331,887
Operating grants and contributions	15,166,277	5,517,645	20,683,922
Capital grants and contributions	4,035	1,522,630	1,526,665
General revenues:			
Ad valorem taxes	63,283,441	-	63,283,441
Local option taxes	14,157,057	-	14,157,057
Other taxes	1,505,532	-	1,505,532
Grants and contributions not restricted to specific programs	2,316,096	-	2,316,096
Investment earnings	976,947	128,951	1,105,898
Miscellaneous	2,414,678	-	2,414,678
Gain on disposal/transfer of assets	4,950	-	4,950
Total revenues	107,445,487	21,884,639	129,330,126
Expenses:			
General Government	8,763,176	-	8,763,176
Public Safety	13,325,392	-	13,325,392
Central Services	7,089,722	-	7,089,722
Human Services	19,321,396	-	19,321,396
Transportation	2,443,617	-	2,443,617
Environmental Protection	11,386,071	-	11,386,071
Cultural and Recreation	2,663,326	-	2,663,326
Economic and Physical Development	5,541,528	-	5,541,528
Education	42,890,086	-	42,890,086
Revaluation Services	221,065	-	221,065
Interest on Long Term Debt	3,785,689	-	3,785,689
Utilities	-	9,803,860	9,803,860
Total Expenses	117,431,068	9,803,860	127,234,928
Increase (Decrease) in net assets before transfers	(9,985,581)	12,080,779	2,095,198
Transfers	(3,540,536)	3,540,536	-
Increase (Decrease) in Net Assets	(13,526,117)	15,621,315	2,095,198
Net Assets (restated), July 1	69,354,811	73,432,501	142,787,312
Net Assets, June 30	55,828,694	89,053,816	144,882,510

Governmental activities. Governmental activities accounted for \$55.8 million, which is over 38 percent of the total net assets. Operating grants funded \$15.2 million of the County's governmental activities. Only property taxes provided a higher source of revenue.

Business-type activities. Business-type activities increased the County's net assets by \$15.6 million. This increase is due primarily to the construction in progress of two (2) regional wastewater treatment systems. However, this increase was offset by a decrease reflected in the governmental activities by \$13.5 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Brunswick County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$86 million, which is an increase of \$1.5 in comparison with the prior year. Approximately 85 percent of this total amount, \$73.3, constitutes unreserved fund balance available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. At the end of the current fiscal year, unreserved fund balance in the general fund was \$34.4 million, while total fund balance for the general fund reached \$45.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 37 percent of total general fund expenditures, while total fund balance represents 48 percent of that same amount.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$2.7 million. The majority of this increase, \$1.7 million was attributable to local option sales taxes.

Proprietary Funds. Brunswick County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Water & Sewer Fund at the end of the year totaled \$12.5 million. The primary factor affecting this amount was an increase in the County's capital assets and the retirement of long-term debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2003 amounts to \$153.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, and assets related to water systems and construction.

Brunswick County has experienced significant development and population growth over the past ten (10) years. Growth is occurring due to tourism, and people relocating to this part of southeastern North Carolina. There are few centralized wastewater systems in the County, however most dwellings and businesses are served by on-site or package treatment systems. The first of the three (3) proposed regional wastewater treatment facilities was completed on February 12, 2003 and is located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Wastewater Treatment Plant). For this regional wastewater system, the Board of County Commissioners has partnered with three (3) other jurisdictions including the Town of Leland, Town of Navassa, and the North Brunswick Sanitary District. The County will own and operate the wastewater treatment facility, while the partners will be responsible for their respective collection systems. This joint venture will allow existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Partnerships with a local golf course development and industry, much of the treated wastewater will be land applied or reused for industrial purposes further reducing the discharge into the river. This wastewater project will be fully supported by user charges. The County's investment in this capital asset is approximately \$10.7 million as of June 30, 2003.

In addition to the Northeast Brunswick Regional Wastewater System, the County along with one (1) other municipal partner has submitted to the State of North Carolina, for approval, a 201 Facilities Plan including the southeastern and south central regions of the County. Unlike the Northeast Brunswick Regional Wastewater System, the treated effluent from the West Brunswick Regional Wastewater System will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional system. This project, like the northeast regional project, will be fully supported by user charges. The County has recently hired two (2) design-engineering firms to complete plans and specifications for the wastewater treatment facility, land application site(s), transmission mains (collectors) and pumping facilities for the West Brunswick Regional Wastewater System. Along with this effort, the County has revised its sewer use ordinance and has adopted a countywide storm water management ordinance and program to enhance the effectiveness of these regional wastewater systems. The County's investment in this capital asset is approximately \$6.1 million as of June 30, 2003.

Other major capital asset transactions that occurred during the fiscal year were the construction of a new County Courthouse, completion and renovation of South Brunswick Middle School and Bolivia Elementary School. The County's investment in these capital assets equals approximately \$9 million as of June 30, 2003.

Brunswick County's Capital Assets
Figure 4

	Governmental Activities	Business-type Activities	Total
Land	\$ 3,205,984	\$ 760,138	\$ 3,966,122
Buildings	32,705,487	12,161,840	44,867,327
Equipment and vehicles	6,399,091	655,236	7,054,327
Water Tanks	-	1,897,371	1,897,371
Water line, wells, taps and pump stations	-	50,040,501	50,040,501
Construction in progress	27,020,283	18,355,229	45,375,512
Total Capital Assets (net of accumulated depreciation)	\$ 69,330,845	\$ 83,870,315	\$ 153,201,160

Additional information on Brunswick County's capital assets can be found in Note 6 on pages 51 and 52 of this report.

Long-term Debt. At the end of the current fiscal year, Brunswick County had total bonded debt outstanding of \$76.5 million, which is backed by the full faith and credit of the County.

General Obligation, Capital Leases and Installment Notes Payable
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 69,922,714	\$ 53,674,628	\$ 6,620,024	\$ 8,904,373	\$ 76,542,738	\$ 62,579,001
Certificates of participation	14,600,000	15,420,000	-	890,000	14,600,000	16,310,000
Installment purchases	5,880,721	7,803,890	654,613	1,274,240	6,535,334	9,078,130
Other	12,964,925	10,482,282	153,625	-	13,118,550	10,482,282
Total long-term debt	\$ 103,368,360	\$ 87,380,800	\$ 7,428,262	\$ 11,068,613	\$ 110,796,622	\$ 98,449,413

This outstanding General Obligation indebtedness is out of a legal debt limit of \$764 million. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 6%.

The County's gross debt per capita as of June 30, 2003 is \$1,372 which is comprised of \$948 in general obligation debt, \$181 in certificates of participation, \$81 in installment financing, and \$162 in other long-term liabilities.

The County's total debt had a net increase of \$12.3 million, 13 percent, during the current fiscal year. The key factor in this increase was a new school bond issuance to build a new school.

Additional information on Brunswick County's long-term debt can be found in Note 8 on pages 53-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 6.4 percent, which is an increase from a rate of 6.1 percent a year ago. This compares favorably to the state's average unemployment rate of 6.7 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 80,751 has grown approximately 36 percent from 1993 to 2003.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2003-2004.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2003-2004

Governmental activities. A 19 percent increase in the tax base is anticipated, which is attributable to a revaluation of property values in addition to the County's normal growth rate. This will equate to a \$2.1 billion increase in property valuation and a \$3.3 million increase in ad valorem tax revenues. The last revaluation was for the 1999 levy. However, Brunswick County is very fortunate to have steady and continuous growth in its property value from year to year.

Budgeted expenditures in the General Fund are expected to rise 8.1 percent to \$106 million. The largest increases were in public safety, funding for a new telephone system for the County Government Center, debt service requirements and employee benefits adjustments.

Budgeted expenditures for education are expected to increase 4.4 percent or approximately \$1 million. Educational funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the Ad Valorem tax base excluding any amount needed for annual debt service payments for an approved general obligation debt of \$83.5 million. The School System funds the majority of its local capital outlay needs from sales tax allocations. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type activities. The water and sewer enterprise fund is anticipated to increase approximately 3.18 percent to cover increased cost in personnel, operation and capital outlay costs. The County anticipated a reduction in the water rate due to an increase in customers and consumption. The County also anticipates that the Northeast Regional Wastewater Treatment Plant to be in full operation before the end of fiscal year 2003-2004. The plant will serve the Town of Leland, Navassa and the North Brunswick Sanitary District.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Brunswick County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal Operations, Post Office Box 249, Bolivia, North Carolina 28422.

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents/investments	\$ 55,956,312	\$ 12,195,901	\$ 68,152,213	\$ 878,237
Restricted cash and investments	25,260,931	-	25,260,931	27,998
Receivables, net of allowance for uncollectible accounts:				
Taxes receivable	3,716,369	-	3,716,369	-
Receivables and special assessments	1,341,040	3,821,696	5,162,736	-
Other governmental agencies	6,271,436	978,650	7,250,086	1,444,589
Internal balances	1,756,777	(1,756,777)	-	-
Inventories	-	197,382	197,382	224,619
Other assets - prepaids	456,935	-	456,935	2,854
Total current assets	94,759,800	15,436,852	110,196,652	2,578,297
Capital assets, net of accumulated depreciation and amortization	69,330,845	83,870,315	153,201,160	4,910,477
Total assets	\$ 164,090,645	\$ 99,307,167	\$ 263,397,812	\$ 7,488,774
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current maturities of long-term debt	\$ 5,414,225	\$ 3,918,735	\$ 9,332,960	\$ 22,108
Accounts payable	4,034,988	2,125,755	6,160,743	1,512,895
Accrued liabilities	69,678	58,216	127,894	2,101
Due other governmental agencies	44,541	-	-	5,709
Deposits	-	539,328	539,328	-
Interest payable	663,392	101,790	-	-
Deferred/unearned revenues	80,992	-	80,992	250
Total current liabilities	10,307,816	6,743,824	17,051,640	1,543,063
Noncurrent liabilities:				
Accrued compensated absences	1,566,162	153,625	1,719,787	13,376
Long-term debt	96,387,973	3,355,902	99,743,875	199,131
Total liabilities	97,954,135	3,509,527	101,463,662	212,507
Total liabilities	108,261,951	10,253,351	118,515,302	1,755,570
Net assets:				
Invested in capital assets, net of related debt	53,185,729	76,595,678	129,781,407	4,689,238
Restricted:				
Capital projects	23,191,501	-	23,191,501	(2,650)
Human services	1,106,210	-	1,106,210	-
Public safety	680,918	-	680,918	-
Education	3,621,447	-	3,621,447	-
Economic development	-	-	-	229,397
Other purposes	-	-	-	317,742
Unrestricted	(25,957,111)	12,458,138	(13,498,973)	499,477
Total net assets	55,828,694	89,053,816	144,882,510	5,733,204
Total liabilities and net assets	\$ 164,090,645	\$ 99,307,167	\$ 263,397,812	\$ 7,488,774

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

Function/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Total	Total	
Primary government:										
Government activities:										
General government	\$ 8,763,176	\$ 3,563,811	\$ 58,747	\$ -	\$ (5,140,618)	\$ -	\$ (5,140,618)	\$ -	\$ -	
Public safety	13,325,392	1,448,782	370,893	-	(11,505,717)	-	(11,505,717)	-	-	
Central services	7,089,722	788,960	60,115	-	(6,240,647)	-	(6,240,647)	-	-	
Human services	19,321,396	551,612	8,917,650	-	(9,852,134)	-	(9,852,134)	-	-	
Transportation	2,443,617	-	2,960,927	4,035	521,345	-	521,345	-	-	
Environmental protection	11,386,071	1,029,562	208,703	-	(10,147,806)	-	(10,147,806)	-	-	
Cultural and recreation	2,663,326	138,818	158,421	-	(2,366,087)	-	(2,366,087)	-	-	
Economic and physical development	5,541,528	94,929	2,430,821	-	(3,015,778)	-	(3,015,778)	-	-	
Education	42,890,086	-	-	-	(42,890,086)	-	(42,890,086)	-	-	
Revaluation services	221,065	-	-	-	(221,065)	-	(221,065)	-	-	
Interest on long-term debt	3,785,689	-	-	-	(3,785,689)	-	(3,785,689)	-	-	
Total governmental activities	117,431,068	7,616,474	15,166,277	4,035	(94,644,282)	-	(94,644,282)	-	-	
Business-type activities:										
Water	9,095,020	14,000,842	62,500	1,522,630	-	6,490,952	6,490,952	-	-	
Sewer	708,840	714,571	5,455,145	-	-	5,460,876	5,460,876	-	-	
Total business-type activities	9,803,860	14,715,413	5,517,645	1,522,630	-	11,951,828	11,951,828	-	-	
Total primary government	\$ 127,234,928	\$ 22,331,887	\$ 20,683,922	\$ 1,526,665	\$ (94,644,282)	\$ 11,951,828	\$ (82,692,454)	\$ -	\$ -	
Discretely presented component units:										
	\$ 3,125,325	\$ 1,960,477	\$ 348,977	\$ 3,161,181					\$ 2,345,310	
General revenues:										
Ad valorem taxes					63,283,441		63,283,441			
Local option taxes					14,157,057		14,157,057			
Other taxes					1,505,532		1,505,532		763,960	
Grants and contributions not restricted to specific programs					2,316,096		2,316,096			
Investment earnings					976,947		128,951		9,247	
Miscellaneous					2,419,628		2,419,628		19,206	
Transfers					(3,540,536)		3,540,536			
Total general revenues and transfers					81,118,165		84,787,652		792,413	
Change in net assets					(13,526,117)		2,095,198		3,137,723	
Net assets beginning of year					69,808,332		143,779,816		2,595,481	
Cumulative effect of a change in accounting principle					-		(495,471)		-	
Correction of errors					(453,521)		(497,033)		-	
Net assets beginning of year, as restated					69,354,811		142,787,312		2,595,481	
Net assets, end of year					\$ 55,828,694		\$ 144,882,510		\$ 5,733,204	

COUNTY OF BRUNSWICK, NORTH CAROLINA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2003

	Major Funds							Total Governmental Funds
	General	County Capital Reserve	Grant Project	Schools Capital Project	County Capital Project	Non Major Governmental Funds		
ASSETS								
Cash, cash equivalents and investments	\$ 38,327,906	\$ 9,989,169	\$ 1,208,584	\$ -	\$ 108,409	\$ 6,322,244	\$ 55,956,312	
Taxes receivable - net	3,716,369	-	-	-	-	-	3,716,369	
Receivables - net	595,362	-	-	-	145,564	196,549	937,475	
Special assessment	-	-	-	-	-	403,565	403,565	
Due from other funds	4,392,197	-	-	-	-	725,497	5,117,694	
Due from other governmental agencies	5,239,184	-	-	-	1,032,252	-	6,271,436	
Restricted assets:								
Cash, cash equivalents and investments	-	-	-	23,191,035	2,069,430	466	25,260,931	
Other assets - prepaids	456,935	-	-	-	-	-	456,935	
TOTAL	\$ 52,727,953	\$ 9,989,169	\$ 1,208,584	\$ 23,191,035	\$ 3,355,655	\$ 7,648,321	\$ 98,120,717	
LIABILITIES, EQUITY AND OTHER CREDITS								
Liabilities:								
Accounts payable, accrued liabilities and deposits	\$ 2,729,464	\$ -	\$ 3,844	\$ 776,911	\$ 396,332	\$ 198,113	\$ 4,104,664	
Due to participants	725,497	-	-	-	608,444	818,963	3,360,918	
Due to other funds	44,541	-	1,208,014	-	-	-	44,541	
Deferred revenues	3,977,460	-	-	-	-	403,565	4,381,025	
Total liabilities	7,476,962	-	1,211,858	776,911	1,004,776	1,420,641	11,891,148	

See accompanying notes.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2003

	Major Funds						Total Governmental Funds
	General	County Capital Reserve	Grant Project	Schools Capital Project	County Capital Project	Non Major Governmental Funds	
Fund balances (deficit):							
Reserved for encumbrances	\$ 313,218	\$ -	\$ -	\$ -	\$ -	\$ 58,975	\$ 372,193
Reserved by State statute	10,046,645	-	-	-	1,177,816	922,046	12,146,507
Reserved for prepaids	456,935	-	-	-	-	-	456,935
Reserved for debt service	-	-	-	-	-	466	466
Unreserved:							
Designated for capital projects	-	6,768,913	-	22,414,124	1,173,063	1,648,505	32,004,605
Designated for landfill closure/post closure costs	-	2,453,092	-	-	-	-	2,453,092
Designed for subsequent year's expenditures	8,964,082	-	-	-	-	3,203,007	12,167,089
Undesignated:							
General fund	25,470,111	-	-	-	-	-	25,470,111
Special revenue funds	-	767,164	(3,274)	-	-	394,681	1,158,571
Total equity and other credits	45,250,991	9,989,169	(3,274)	22,414,124	2,350,879	6,227,680	86,229,569
TOTAL	\$ 52,727,953	\$ 9,989,169	\$ 1,208,584	\$ 23,191,035	\$ 3,355,655	\$ 7,648,321	\$ 98,120,717

Reconciliation of fund balance as reported in the balance sheet - governmental funds with net assets - governmental activities:

Fund balance as reported in the balance sheet - governmental funds \$ 86,229,569

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds 69,330,845

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds 4,300,032

Long-term liabilities, including interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds (104,031,752)

Net assets reported as governmental activities \$ 55,828,694

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Major Funds					Non Major Governmental Funds	Total Governmental Funds
	General	County Capital Reserve	Grant Project	Schools Capital Project	County Capital Project		
REVENUES							
Ad valorem taxes	\$ 62,753,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,753,365
Special assessments	-	-	-	-	-	126,715	126,715
Local option sales tax	14,157,057	-	-	-	-	-	14,157,057
Other taxes and licenses	2,240,656	-	-	-	-	1,395,093	3,635,749
Unrestricted intergovernmental	203,180	-	-	-	-	-	203,180
Restricted intergovernmental	12,099,445	-	2,103,680	-	2,960,927	107,252	17,271,304
Permits and fees	3,622,045	-	-	-	-	-	3,622,045
Sales and services	2,321,659	-	-	-	-	-	2,321,659
Investment earnings	453,713	131,161	335	253,236	38,234	100,268	976,947
Other	1,689,354	-	-	520,498	17,380	-	2,227,232
Total revenues	99,540,474	131,161	2,104,015	773,734	3,016,541	1,729,328	107,295,253
EXPENDITURES							
Current:							
General government	7,999,768	-	-	-	705,089	14,855	8,719,712
Public safety	12,678,584	-	-	-	231,741	570,065	13,480,390
Central services	7,282,407	-	-	-	-	-	7,282,407
Human services	19,113,587	-	-	-	-	-	19,113,587
Transportation	85,000	-	-	-	2,358,617	-	2,443,617
Environmental protection	9,262,908	-	-	-	-	-	9,262,908
Culture and recreation	2,804,605	-	-	-	-	-	2,804,605
Economic and physical development	3,776,672	-	907,891	-	-	772,784	5,457,347
Education	22,117,450	-	-	21,046,490	-	-	43,163,940
Revaluation services	-	-	-	-	-	221,065	221,065
Debt service:							
Principal retirement	4,815,084	-	-	-	-	-	4,815,084
Interest and fees	3,785,689	-	-	-	-	-	3,785,689
Total expenditures	93,721,754	-	907,891	21,046,490	3,295,447	1,578,769	120,550,351
REVENUES OVER (UNDER) EXPENDITURES	5,818,720	131,161	1,196,124	(20,272,756)	(278,906)	150,559	(13,255,098)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	5,030,359	908,325	-	3,039,277	174,718	6,045,142	15,197,821
Transfers to other funds	(8,697,216)	(2,812,547)	-	-	-	(7,228,594)	(18,738,357)
Debt financing issued	-	-	-	18,320,000	-	-	18,320,000
Total other financing sources (uses)	(3,666,857)	(1,904,222)	-	21,359,277	174,718	(1,183,452)	14,779,464
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,151,863	(1,773,061)	1,196,124	1,086,521	(104,188)	(1,032,893)	1,524,366
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	43,549,864	11,762,230	(1,198,722)	21,327,603	2,455,067	7,262,681	85,158,723
CORRECTION OF AN ERROR	(450,736)	-	(676)	-	-	(2,108)	(453,520)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR RESTATED	43,099,128	11,762,230	(1,199,398)	21,327,603	2,455,067	7,260,573	84,705,203
FUND BALANCES (DEFICIT), END OF YEAR	\$ 45,250,991	\$ 9,989,169	\$ (3,274)	\$ 22,414,124	\$ 2,350,879	\$ 6,227,680	\$ 86,229,569

Reconciliation of net change in fund balance in the statement of revenues, expenditures, and changes in fund balances - governmental funds to change in net assets - governmental activities:

Revenues and other financing sources over (under) expenditures and other financing uses \$ 1,524,366

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.

Capital outlay	3,450,130
Depreciation	(2,595,674)
Basis of disposed/transferred capital assets	(45,653)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 143,132

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (16,002,418)

Total change in net assets of governmental activities \$ (13,526,117)

COUNTY OF BRUNSWICK, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND AND THE COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	General Fund				County Capital Reserve Fund			
	Original budget	Final budget	Actual	Variance with final budget positive (negative)	Original budget	Final budget	Actual	Variance with final budget positive (negative)
REVENUES								
Ad valorem taxes	\$ 61,350,830	\$ 61,350,830	\$ 62,753,365	\$ 1,402,535				
Local option sales taxes	12,452,000	14,170,000	14,157,057	(12,943)				
Other taxes and licenses	1,413,350	1,743,119	2,240,656	497,537				
Unrestricted intergovernmental revenues	205,000	175,000	203,180	28,180				
Restricted intergovernmental revenues	11,976,223	12,155,546	12,099,445	(56,101)				
Permits and fees	3,744,765	2,654,353	3,622,045	967,692				
Sales and services	653,909	1,767,571	2,321,659	554,088				
Investment earnings	802,343	802,748	453,713	(349,035)			131,161	131,161
Other	1,037,455	1,559,466	1,689,354	129,888				
Total revenues	93,635,875	96,378,633	99,540,474	3,161,841			131,161	131,161
EXPENDITURES								
Current:								
General government	8,027,041	10,050,772	7,999,768	2,051,004				
Public safety	12,131,154	14,607,940	12,678,584	1,929,356				
Central services	7,658,990	8,066,485	7,282,407	784,078				
Human services	20,665,000	21,321,992	19,113,587	2,208,405				
Transportation	287,000	85,000	85,000	-				
Environmental protection	9,225,571	9,522,531	9,262,908	259,623				
Culture and recreation	2,848,460	3,954,834	2,804,605	1,150,229				
Economic and physical development	3,555,751	4,115,410	3,776,672	338,738			249,095	249,095
Education	22,117,450	22,117,450	22,117,450	-				
Debt service:								
Principal retirement	4,815,539	4,815,539	4,815,084	455				
Interest and fiscal changes	4,031,929	4,031,929	3,785,689	246,240				
Contingency	500,000	19,692	-	19,692				
Total expenditures	95,863,885	102,709,574	93,721,754	8,987,820		249,095		249,095
REVENUES OVER (UNDER) EXPENDITURES	(2,228,010)	(6,330,941)	5,818,720	12,149,661		(249,095)	131,161	380,256
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	12,819,930	3,392,372	5,030,359	1,637,987	244,000	908,325	908,325	-
Transfers to other funds	(14,157,621)	(8,626,788)	(8,697,216)	(70,428)	(3,125,060)	(3,680,759)	(2,812,547)	868,212
Total other financing sources (uses)	(1,337,691)	(5,234,416)	(3,666,857)	1,567,559	(2,881,060)	(2,772,434)	(1,904,222)	868,212
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,565,701)	(11,565,357)	2,151,863	13,717,220	(2,881,060)	(3,021,529)	(1,773,061)	1,248,468
APPROPRIATED FUND BALANCE	3,565,701	11,565,357	-	(11,565,357)	2,881,060	3,021,529	-	(3,021,529)
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	2,151,863	\$ 2,151,863	\$ -	\$ -	(1,773,061)	\$ (1,773,061)
FUND BALANCES, BEGINNING OF YEAR			43,549,864				11,762,230	
CORRECTION OF AN ERROR			(450,736)				-	
FUND BALANCES (DEFICIT), BEGINNING OF YEAR RESTATED			43,099,128				11,762,230	
FUND BALANCES (DEFICIT), END OF YEAR			\$ 45,250,991				\$ 9,989,169	

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
June 30, 2003

	Business-type Activities - Enterprise		
	Major Funds		
	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and cash equivalents/investments	\$ 12,073,169	\$ 122,732	\$ 12,195,901
Receivables - net:			
Customers	3,661,047	160,649	3,821,696
Due from other governmental agencies	86,400	892,250	978,650
Inventories	197,382	-	197,382
Total current assets	<u>16,017,998</u>	<u>1,175,631</u>	<u>17,193,629</u>
Restricted assets - interfund receivable	<u>816,613</u>	<u>-</u>	<u>816,613</u>
Capital assets, net of accumulated depreciation and amortization	<u>66,647,545</u>	<u>17,222,770</u>	<u>83,870,315</u>
Total assets	<u>\$ 83,482,156</u>	<u>\$ 18,398,401</u>	<u>\$ 101,880,557</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Bonds and notes payable - current maturities	\$ 3,918,735	\$ -	\$ 3,918,735
Accounts payable and accrued liabilities	471,526	1,712,445	2,183,971
Customer deposits	539,328	-	539,328
Due to other funds	591,804	1,981,586	2,573,390
Interest payable	101,790	-	101,790
Total current liabilities	<u>5,623,183</u>	<u>3,694,031</u>	<u>9,317,214</u>
Noncurrent liabilities:			
Accrued compensated absences	138,198	15,427	153,625
Bonds and notes payable - noncurrent maturities	3,355,902	-	3,355,902
Total liabilities	<u>3,494,100</u>	<u>15,427</u>	<u>3,509,527</u>
Total liabilities	<u>9,117,283</u>	<u>3,709,458</u>	<u>12,826,741</u>
Net assets:			
Invested in capital assets, net of related debt	59,372,908	17,222,770	76,595,678
Reserved for debt service	816,613	-	816,613
Unrestricted (deficit)	14,175,352	(2,533,827)	11,641,525
Total net assets	<u>74,364,873</u>	<u>14,688,943</u>	<u>89,053,816</u>
Total liabilities and net assets	<u>\$ 83,482,156</u>	<u>\$ 18,398,401</u>	<u>\$ 101,880,557</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Business-type Activities - Enterprise		
	Major Funds		
	Water	Sewer	Total
OPERATING REVENUES			
User charges	\$ 13,510,010	\$ 697,099	\$ 14,207,109
Other	490,832	17,472	508,304
Total operating revenues	<u>14,000,842</u>	<u>714,571</u>	<u>14,715,413</u>
OPERATING EXPENSES			
Salaries and employee benefits	1,759,158	344,915	2,104,073
Other operating expenses	595,809	344,073	939,882
Cost of goods sold	4,354,063	-	4,354,063
Depreciation and amortization	1,891,378	19,852	1,911,230
Total operating expenses	<u>8,600,408</u>	<u>708,840</u>	<u>9,309,248</u>
OPERATING INCOME (LOSS)	<u>5,400,434</u>	<u>5,731</u>	<u>5,406,165</u>
NONOPERATING REVENUES (EXPENSES)			
Grants and subsidies	62,500	5,455,145	5,517,645
Investment earnings	127,093	1,858	128,951
Interest expense	(494,612)	-	(494,612)
Nonoperating revenues (expenses) - net	<u>(305,019)</u>	<u>5,457,003</u>	<u>5,151,984</u>
INCOME BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS	5,095,415	5,462,734	10,558,149
TRANSFERS IN (OUT)	<u>(5,206,443)</u>	<u>8,746,979</u>	<u>3,540,536</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	(111,028)	14,209,713	14,098,685
CAPITAL CONTRIBUTIONS	<u>1,522,630</u>	<u>-</u>	<u>1,522,630</u>
INCREASE (DECREASE) IN NET ASSETS	<u>1,411,602</u>	<u>14,209,713</u>	<u>15,621,315</u>
NET ASSETS, BEGINNING OF YEAR,	73,473,428	498,056	73,971,484
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	(480,425)	(15,046)	(495,471)
CORRECTION OF ERRORS	<u>(39,732)</u>	<u>(3,780)</u>	<u>(43,512)</u>
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	<u>72,953,271</u>	<u>479,230</u>	<u>73,432,501</u>
NET ASSETS, END OF YEAR	<u>\$ 74,364,873</u>	<u>\$ 14,688,943</u>	<u>\$ 89,053,816</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities - Enterprise		
	Major Funds		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 13,729,359	\$ 753,146	\$ 14,482,505
Receipts (payments) to suppliers for goods and services	(4,579,066)	(228,271)	(4,807,337)
Payments to or on behalf of employees	(2,262,595)	(327,063)	(2,589,658)
Receipts (payments) to other governmental agencies	160,064	(892,250)	(732,186)
Receipts (payments) to other funds	-	577,546	577,546
Other operating revenues	490,832	17,472	508,304
Net cash provided by (used in) operating activities	<u>7,538,594</u>	<u>(99,420)</u>	<u>7,439,174</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	594,045	2,946,491	3,540,536
Grants	62,500	5,455,145	5,517,645
Net cash provided by noncapital financing activities	<u>656,545</u>	<u>8,401,636</u>	<u>9,058,181</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(686,525)	(8,077,153)	(8,763,678)
Interest paid	(370,875)	-	(370,875)
Capital contributions	262,834	(262,834)	-
Principal payments on long-term debt	(3,917,713)	-	(3,917,713)
Net cash used in capital and related financing activities	<u>(4,712,279)</u>	<u>(8,339,987)</u>	<u>(13,052,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	127,093	1,858	128,951
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,609,953	(35,913)	3,574,040
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,463,216	158,645	8,621,861
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,073,169	\$ 122,732	\$ 12,195,901
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Amortization of bond issuance costs	\$ 123,737	\$ -	\$ 123,737
Capital contribution (to) from other funds	\$ (5,800,488)	\$ 5,800,488	\$ -
Dedicated Waterlines	\$ 1,522,630	\$ -	\$ 1,522,630
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 5,400,434	\$ 5,731	\$ 5,406,165
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,891,378	19,852	1,911,230
Changes in assets and liabilities:			
(Increase) decrease in receivable and assessments	153,750	56,049	209,799
(Increase) decrease in due from other governmental agencies	160,064	(892,250)	(732,186)
(Increase) decrease in inventories	20,738	-	20,738
Increase (decrease) in accounts payable and accrued expenses	(153,369)	133,652	(19,717)
Increase (decrease) in customer deposits	65,599	-	65,599
Increase (decrease) in due to other funds	-	577,546	577,546
Net cash provided by (used in) operating activities	<u>\$ 7,538,594</u>	<u>\$ (99,420)</u>	<u>\$ 7,439,174</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
June 30, 2003

ASSETS

Cash, cash equivalents and investments	\$ 11,901,149
Taxes receivable - net	74,739
Receivables - net	<u>5,091</u>
TOTAL	\$ <u>11,980,979</u>

LIABILITIES

Accounts payable	\$ 28,822
Due to participants	36,944
Due to other governmental agencies	11,832,139
Due to component unit	71,531
Other	<u>11,543</u>
TOTAL	\$ <u>11,980,979</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2003**

	Major Component Units			Non-Major Component Units		Totals Component Units
	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 189,819	\$ 232,940	\$ 135,620	\$ 270,994	\$ 48,864	\$ 878,237
Receivables, net of allowance for uncollectible accounts	-	6,391	21,607	-	-	27,998
Due from primary government	-	-	123,868	-	71,522	195,390
Due from other governments	-	1,249,199	-	-	-	1,249,199
Inventory	210,901	13,718	-	-	-	224,619
Other assets	2,854	-	-	-	-	2,854
Total current assets	403,574	1,502,248	281,095	270,994	120,386	2,578,297
Capital assets, net of accumulated depreciation and amortization	385,464	4,521,095	-	3,918	-	4,910,477
Total assets	\$ 789,038	\$ 6,023,343	\$ 281,095	\$ 274,912	\$ 120,386	\$ 7,488,774
LIABILITIES AND NET ASSETS						
Current liabilities:						
Debt obligation - current portion	\$ 22,108	\$ -	\$ -	\$ -	\$ -	\$ 22,108
Accounts payable, accrued liabilities and deposits	166,281	1,341,340	5,597	1,778	-	1,514,996
Due to other governments	-	5,709	-	-	-	5,709
Prepaid rent	-	250	-	-	-	250
Total current liabilities	188,389	1,347,299	5,597	1,778	-	1,543,063
Noncurrent liabilities:						
Accrued compensated absences	-	-	-	13,376	-	13,376
Debt obligation - long-term portion	199,131	-	-	-	-	199,131
	199,131	-	-	13,376	-	212,507
Total liabilities	387,520	1,347,299	5,597	15,154	-	1,755,570
Net assets:						
Invested in capital assets net of related debt	164,225	4,521,095	-	3,918	-	4,689,238
Restricted:						
Capital projects	-	(2,650)	-	-	-	(2,650)
Economic development	-	-	-	229,397	-	229,397
Other purposes	-	172,267	145,475	-	-	317,742
Unrestricted	237,293	(14,668)	130,023	26,443	120,386	499,477
Total net assets	401,518	4,676,044	275,498	259,758	120,386	5,733,204
Total liabilities and net assets	\$ 789,038	\$ 6,023,343	\$ 281,095	\$ 274,912	\$ 120,386	\$ 7,488,774

**COUNTY OF BRUNSWICK, NORTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2003**

Function/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Brunswick County Hospital Authority	Total
Major:									
Brunswick County Board of Alcoholic Control	\$ 1,549,586	\$ 1,568,795	\$ -	\$ 19,209	\$ -	\$ -	\$ -	\$ -	\$ 19,209
Brunswick County Airport Commission	554,337	390,182	3,161,181	-	3,083,526	-	-	-	3,083,526
Brunswick County Tourism Development Authority	773,433	-	-	-	-	(773,433)	-	-	(773,433)
Non major:									
Brunswick County Economic Development Commission	246,414	1,500	-	-	-	-	17,563	-	17,563
Brunswick County Hospital Authority	1,555	-	-	-	-	-	-	(1,555)	(1,555)
Total component units	\$ 3,125,325	\$ 1,960,477	\$ 3,161,181	19,209	3,083,526	(773,433)	17,563	(1,555)	2,345,310
General revenues:									
Other taxes						763,960			763,960
Investment earnings				1,178	2,406	2,119	1,031	2,513	9,247
Miscellaneous				8,590	4,594	6,022			19,206
Total general revenues				9,768	7,000	772,101	1,031	2,513	792,413
Change in net assets				28,977	3,090,526	(1,332)	18,594	958	3,137,723
Net assets beginning of year				372,541	1,585,518	276,830	241,164	119,428	2,595,481
Net assets, end of year				\$ 401,518	\$ 4,676,044	\$ 275,498	\$ 259,758	\$ 120,386	\$ 5,733,204

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 - DESCRIPTION OF THE UNIT

Reporting Entity

Brunswick County is one of 21 coastal counties in North Carolina. A political subdivision of the State, it is one of 100 counties established under General Statute 153A-10. The County, which has a population of approximately 81,000, operates under a Commissioner-Manager form of government.

The County is responsible for and maintains services inherent to the operation of a county government including general government, public safety, human services, education, environmental protection, cultural and recreational, economic and physical development and debt service. The County also operates a water and sewer utility system.

Component Units

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Discretely presented component units are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Blended Component Units

Brunswick County Leasing Corporation

The members of the Brunswick County Leasing Corporation's ("Corporation") governing board are appointed by the County and include the finance officer of the County. The Corporation exists to issue and service certificates of participation to finance the acquisition and construction of general government facilities and proprietary fund waterline construction. The certificates of participation are accounted for in the applicable governmental activities, business type activities, or proprietary fund type statement of net assets in the County's financial statements. The activities of the Corporation are accounted for in the financial statements as a special revenue fund. The Corporation does not issue separate financial statements.

Discretely Presented Component Units

Brunswick County Hospital Authority

The Board of Commissioners organized the Brunswick County Hospital Authority and the County appoints and can remove all of the governing Board of the Authority. The County transferred title of its hospital facilities to the Authority. The Authority has leased the facilities to a for-profit corporation for a period of 40 years. The Authority, which has a June 30 year-end, is presented as if it were a governmental fund. The Brunswick County Hospital Authority does not issue separate financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 - DESCRIPTION OF THE UNIT (Continued)

Brunswick County Board of Alcoholic Control

The County appoints all of the members of the governing board of the Brunswick County Board of Alcoholic Control ("ABC Board"). In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as a proprietary fund.

Complete financial statements for the Brunswick County ABC Board may be obtained at their administrative offices at 2567 Holden Beach Road, SW, Supply, North Carolina 28462.

Brunswick County Economic Development Commission

The Brunswick County Economic Development Commission ("EDC") operates within the County's geographical boundaries and exists for the benefit of its residents. All of the members of the EDC governing board are appointed by the County and can be removed without cause. The County funds the annual budget of the Commission. The EDC, which has a June 30 year-end, has two funds - a governmental fund type and a proprietary fund type.

The EDC's financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization established to acquire, improve and convey property. Appropriations to the EDC totaled \$262,000 for the fiscal year ended June 30, 2003. Complete financial statements for the Brunswick County Economic Development Commission may be obtained at the Commission's administrative offices at P.O. Box 158, Government Complex, Bolivia, North Carolina 28422.

Brunswick County Tourism Development Authority

The County, in conjunction with the Southport-Oak Island Chamber of Commerce and the South Brunswick Islands Chamber of Commerce, established the Brunswick County Tourism Development Authority ("TDA"). The County appoints five members of the TDA's ten member governing board. The other five members are nominated jointly by the two chamber of commerce organizations and then appointed by the County. The TDA, which provides a financial benefit to the County, was established to receive the proceeds of the room occupancy tax levied pursuant to Session Law 1997-364. The TDA is authorized to spend these proceeds to promote travel, tourism and conventions within the County. The TDA, which has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Tourism Development Authority may be obtained at the Authority's administrative offices at South Brunswick Island Chamber of Commerce, Shallotte, North Carolina 28459.

Brunswick County Airport Commission

The County participates in the Brunswick County Airport Commission ("Airport") in conjunction with the municipalities adjoining the airport. The County appoints four members of the seven-member board.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 1 - DESCRIPTION OF THE UNIT (Continued)

Appropriations to the Airport totaled \$60,000 for the fiscal year ended June 30, 2003. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Airport Commission may be obtained at their administrative offices at 380 Long Beach Road, Southport, North Carolina 28461.

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

Brunswick County Industrial Facility and Pollution Control Financing Authority exists to issue revenue bond debt of private businesses for economic development purposes. A seven-member board, all of whom are appointed by the County, governs the Authority. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances and does not issue financial statements; therefore, it is not presented in the government-wide financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting

The accounting policies of Brunswick County and its component units, as reflected in the financial statements for the year ended June 30, 2003, conform to generally accepted accounting principles applicable to governments.

Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. For the most part, the effect of interfund activity between the governmental and business-type activities has been removed. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program or (c) capital grants and contributions which are program specific. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues including multipurpose grants that do not provide for specific identification of a program.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

General Fund - This is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, and federal and state grants. The primary expenditures are for general government services, public safety, human services, central services, environmental protection and education.

County Capital Reserve Fund - This fund was established in accordance with North Carolina law to account for the accumulation of resources to be used for construction. When construction begins, the fund balance will be transferred to a Capital Projects Fund.

Grant Project Fund - This fund accounts for grant funds received for certain economic development projects.

Schools Capital Project Fund - This fund is used to account for the additions and improvements to Brunswick County Public Schools and Brunswick Community College which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

County Capital Project Fund - This fund is used to account for the additions and improvements of major county facilities which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

The County reports the following major enterprise funds:

Water Fund - This fund is used to account for the County's water operations.

Sewer Fund - This fund is used to account for the County's sewer operations.

Additionally the County reports the following fund types:

Agency Funds - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County maintains six Agency Funds: the Social Services Fund which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Smithville Township Fund which accounts for the Township hospital district ad valorem taxes collected and payment of bond debt service; the Intergovernmental Collections Fund which accounts for the proceeds of the motor vehicle and other ad valorem taxes that are collected by the County on behalf of the municipalities within the County and fines and forfeitures collected and remitted to Brunswick County Schools; the Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; the Brunswick County Hospital Authority which accounts for monies held by Brunswick County on behalf of the Brunswick County Hospital Authority; and the Family Self-Sufficiency Trust which accounts for credits earned by HUD-Public Housing participants.

Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt; accrued compensated absences; pension benefit obligations; and accrued landfill closures and post closure costs which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County recognizes assets of nonexchange transactions in the period when the underlying transactions occur, when enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of nonexchange transactions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Brunswick County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Brunswick County from March 2002 through February 2003 apply to the fiscal year ended June 30, 2003. Uncollected taxes which were billed during this period are shown as receivables on these financial statements. For those motor vehicles which are renewed and billed under the annual system, taxes are due on May 1 of each year, and the uncollected taxes are reported as a receivable on the financial statements offset by deferred revenues because the due date and the date upon which the interest begins to accrue passed prior to June 30. The taxes for renewal vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2003 because they are intended to finance the County's operations during the 2004 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The County has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects, the SAD revolving and the Brunswick County leasing corporation funds) and the Enterprise operating funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Project and the Grant Project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions. The Special Revenue Funds – SAD revolving and Brunswick County leasing corporation funds do not adopt a budget.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Enterprise Funds, and at the object level for the Capital Projects Funds. The balances in the Capital Reserve Funds will be appropriated when transferred to their respective Capital Project Funds in accordance with the project ordinance adopted for the reserve fund. The County budget officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$7,999,656.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

Deposits and Investments

All deposits of the County, and each of its discretely presented component units, are made in board-designated official depositories and are secured as required by G.S. 159-31. Any bank or savings association whose principal office is located in North Carolina may be designated as an official depository. Also, the County and its discretely presented component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, and each of its discretely presented component units, to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC-registered (2a-7) money market mutual fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The investments of the County, and its discretely presented component units that have a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized costs.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Cash and investments are essentially demand deposits and are considered cash and cash equivalents by the County.

The discretely presented component units consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets

The unexpended proceeds of general obligation bonds and certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1 (lien date).

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due To/From Other Funds and Internal Balances

Amounts, reported at June 30, 2003 as due to/from other funds, generally represent short-term advances between funds. Such amounts reported at year-end are not available for appropriation and are not an expendable available financial resource.

Inventory

The inventories of the County, the ABC Board and the Airport Commission are valued at cost (first-in, first-out), which approximates market. The inventory of the County's Enterprise Funds as well as those of the ABC Board and Airport Commission consists of materials and supplies held for consumption. The cost of the inventory carried in the County's Enterprise Funds and that of the ABC Board and the Airport Commission is recorded as an expense as it is consumed.

Supplies on hand in the governmental funds at June 30, 2003 are not material.

Capital Assets

Capital assets, which include land, buildings, land improvements, water tanks, water lines, wells, taps, pumping stations, equipment and vehicles, are reported in the County's government-wide and proprietary financial statements.

Minimum capitalization costs are as follows:

Brunswick County	\$ 5,000
Brunswick County Board of Alcoholic Control	500
Brunswick County Economic Development Commission	5,000 to 20,000
Brunswick County Airport Commission	500

Capital assets of the County and those of the discretely presented component units are recorded at original cost at the time of acquisition. Certain items acquired before July 1, 1970 are recorded at an estimated original cost. Donated assets are recorded at their estimated fair value at the date of donation.

The County has elected not to capitalize interest costs which are incurred during the construction period of capital assets used in governmental funds. Any interest incurred during the construction phase of business type assets is reflected in the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. These assets are reported in the County's basic financial statements net of accumulated depreciation.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The estimated useful lives in years are as follows:

	<u>Brunswick County</u>	<u>Brunswick County Board of Alcoholic Control</u>	<u>Brunswick County Economic Development Commission</u>	<u>Brunswick County Airport Commission</u>
Building and building improvements	20 - 40	40	-	20 - 40
Water tanks	60	-	-	-
Water lines, wells, taps and pump stations	40 - 50	-	-	-
Equipment and vehicles	5 - 30	5-10	3 - 10	5 - 10
Leasehold improvements	-	10	-	10 -30
Infrastructure	-	-	-	20 -30

Long-Term Debt

For governmental fund types, bond issuance costs, bond premiums and discounts, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

In the governmental activities, business-type activities, and proprietary fund statements long-term debt and other long-term obligations are reported as liabilities. Material bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable discounts.

The County's long-term debt for water and sewer purposes is carried in the Water and Sewer Fund. The debt service requirements for the water and sewer debt are being met by water and sewer revenues, but the taxing power is pledged to make these payments if water and sewer revenues should ever be insufficient.

Fund Equity

Net assets in government-wide and proprietary fund financial statements are classified as (a) invested in capital assets, net of related debt; (b) restricted; and (c) unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

In the fund financial statements, the County's governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for encumbrances is that portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year-end.

Reserved by State statute is that portion of fund balance which is not available for appropriation under State law [G.S. 159-8 (a)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Reserved for prepaids is that portion of fund balance which is not available for appropriations because it represents payments made to vendors that reflect costs applicable to future accounting periods.

Reserved for debt service is that portion of total fund balance available for appropriation which has been reserved to make debt service payments on general obligation bonds in the General Long-Term Debt Account Group.

Unreserved:

Designated for capital projects represents that portion of fund balance that is restricted for future capital projects.

Designated for landfill closure/post closure costs represents that portion of fund balance restricted for payment of closure and postclosure care costs.

Designated for subsequent year's expenditures is that portion of total fund balance available for appropriation which has been designated for the adopted 2003-2004 budget ordinance.

Undesignated is that portion of total fund balance available for appropriation which is uncommitted at year-end.

Interfund Transfers

The principal purpose for interfund transfers is to distribute local resources between funds. Typically, the General Fund provides the basis of local resources for other funds. These transactions are recorded as "Transfers - out" in the paying fund and "Transfers - in" in the receiving fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Resources

The County's General Fund also transfers funds to the Economic Development Commission and the Airport Commission to fund their annual budgets. In addition, when profits are available, the ABC Board will make quarterly transfers to the County's General Fund. These transfers represent the County's portion of the ABC Board's surpluses which the ABC Board is required by State statute to distribute to the County.

Compensated Absences

The vacation policies of the County and the Economic Development Commission provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County and the Commission, the amount of accumulated vacation leave and the salary-related payments at year-end are not expected to be materially liquidated with expendable available financial resources and as such are reported as a noncurrent liability. The liability for accumulated vacation leave and the salary-related payments are reported in the government-wide and proprietary fund financial statements as an expense and liability of those activities as the benefits accrue to employees.

The sick leave policies of the County and the Economic Development Commission provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

The vacation policy of the ABC Board provides for the accumulation of up to one week earned vacation leave with such leave being fully vested when earned. The current portion of the accumulated vacation pay is not considered to be material.

The sick leave policies of the ABC Board provide for the accumulation of up to twelve days of earned sick leave. Since the board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand.

Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the County as of June 30, 2003 include the following:

	<u>Reported value</u>	<u>Fair value</u>
Cash on hand	\$ 2,925	\$ 2,925
Deposits - NOW, SuperNOW, MMDA and certificates of deposit	24,354,676	24,354,676
Investments:		
North Carolina Capital Management Trust	<u>80,956,692</u>	<u>80,956,692</u>
 Total	 <u>\$105,314,293</u>	 <u>\$105,314,293</u>

Deposits

All of the deposits of the County, and the discretely presented component units, except as noted below, are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the depositor in the depositor's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

Since the State Treasurer is acting in a fiduciary capacity for the depositor, these deposits are considered to be held by their agents in each of the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to

the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and its component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and its component units under the Pooling Method, the potential exists for undercollateralization and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. At June 30, 2003, the deposits of the County, and its discretely presented component units had the following reported values, bank balances and amounts covered by federal depository insurance and amounts covered by collateral held under the Pooling Method.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

	<u>Reported value</u>	<u>Bank balance</u>	<u>Covered by FDIC</u>	<u>Collateralized under the Pooling Method</u>
Brunswick County	\$ 24,354,676	\$ 25,453,061	\$ 300,000	\$ 25,153,061
Brunswick County Board of Alcoholic Control	187,883	216,759	122,087	94,672
Brunswick County Economic Development Commission – including blended component unit	270,994	281,327	213,281	68,046
Brunswick County Airport Commission	82,081	95,471	95,471	-
Brunswick County Tourism Development Authority	135,620	99,217	99,217	-
Brunswick County Hospital Authority	48,864	48,864	48,864	-

Investments

The County's investments are categorized to give an indication of the level of custodial risk assumed by the entity at year-end. In the following table, Column A includes investments that are insured or registered or for which the securities are held by the County or its agent in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterpart's trust department or agent in the County's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

Investments in the North Carolina Capital Management Trust are exempt from risk categorization because the County does not own any identifiable securities in these mutual funds.

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Reported value</u>	<u>Fair value</u>
North Carolina Capital Management Trust	\$ -	\$ -	\$ -	<u>\$ 80,956,692</u>	<u>\$ 80,956,692</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The County allocates investment earnings to funds based on the balances outstanding at the end of each month.

The Airport Commission's investment in North Carolina Capital Management Trust had a reported value and fair value of \$150,358 at June 30, 2003.

The ABC Board, the Economic Development Commission, the Tourism Authority and the Hospital Authority did not hold any investments at June 30, 2003.

NOTE 4 - ACCOUNTS RECEIVABLE

The County's accounts receivable as of June 30, 2003 consist of the following:

	<u>General Fund</u>	<u>County Capital Project Fund</u>	<u>Non Major Govern- mental Funds</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
User charges	\$ 967,583	\$ -	\$ -	\$ 3,961,047	\$ 160,649	\$ 5,089,279
Other	221,349	145,564	196,549	-	-	563,462
Allowance for uncollectible receivables	<u>(593,570)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>(893,570)</u>
	<u>\$ 595,362</u>	<u>\$ 145,564</u>	<u>\$ 196,549</u>	<u>\$ 3,661,047</u>	<u>\$ 160,649</u>	<u>\$ 4,759,171</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND LOANS

The composition of interfund balances as of June 30, 2003 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund - Grant Project Fund	\$ 1,208,014
General Fund	Capital Project Funds - County Capital Projects Funds	608,444
General Fund	Enterprise Fund - Water Capital Project Fund	2,573,389
General Fund	Special Revenue Fund - Occupancy Tax Fund	2,350
Special Revenue - School Capital Reserve Fund	General Fund	725,497
Enterprise Fund - Water Fund	Special Revenue - COPS Debt Service	<u>816,613</u>
Total		<u>\$ 5,934,307</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 6 - CAPITAL ASSETS

Capital assets at June 30, 2003 are summarized as follows:

	June 30, 2002 As Previously Stated	Prior Period Adjustment and Reclassifications	June 30, 2002 As Restated	Transfers In / Additions	Transfers Out / Disposals	June 30, 2003
Nondepreciable assets:						
Land	\$ 3,034,314	\$ 190,070	\$ 3,224,384	\$ -	\$ 18,400	\$ 3,205,984
Construction in progress	25,608,676	-	25,608,676	1,411,607	-	27,020,283
	<u>28,642,990</u>	<u>190,070</u>	<u>28,833,060</u>	<u>1,411,607</u>	<u>18,400</u>	<u>30,226,267</u>
Depreciable assets – cost:						
Buildings and improvements to land and buildings	37,773,432	6,933,471	44,706,903	667,572	-	45,374,475
Equipment and vehicles	20,492,682	(6,621,345)	13,871,337	1,370,951	156,601	15,085,687
	<u>58,266,114</u>	<u>312,126</u>	<u>58,578,240</u>	<u>2,038,523</u>	<u>156,601</u>	<u>60,460,162</u>
Less accumulated depreciation and amortization for:						
Buildings and improvements to land and buildings	-	11,417,512	11,417,512	1,251,476	-	12,668,988
Equipment and vehicles	-	7,471,747	7,471,747	1,344,197	129,348	8,686,596
	<u>-</u>	<u>18,889,259</u>	<u>18,889,259</u>	<u>2,595,673</u>	<u>129,348</u>	<u>21,355,584</u>
Depreciable assets - net	<u>58,266,114</u>	<u>(18,577,133)</u>	<u>39,688,981</u>	<u>(557,150)</u>	<u>27,253</u>	<u>39,104,578</u>
Total Governmental Activities Capital Assets - net	<u>\$ 86,909,104</u>	<u>\$ (18,387,063)</u>	<u>\$ 68,522,041</u>	<u>\$ 854,457</u>	<u>\$ 45,653</u>	<u>\$ 69,330,845</u>

Governmental activities by function:

	June 30,2002 As Previously Stated	Prior Period Adjustment and Reclassification	June 30,2002 As Restated	Transfers In / Additions	Transfers Out / Disposals	June 30, 2003
General government	\$ 50,761,752	\$ (9,156,847)	\$ 41,604,905	\$ 911,582	\$ 31,866	\$ 42,484,621
Public safety	11,987,388	(1,622,381)	10,365,007	1,038,362	113,022	11,290,347
Central services	5,792,283	(497,649)	5,294,634	516,189	11,000	5,799,823
Human services	4,772,769	502,262	5,275,031	137,117	-	5,412,148
Environmental protection	4,761,893	597,274	5,359,167	59,055	-	5,418,222
Economic development	1,362,866	2,880,101	4,242,967	49,372	19,113	4,273,226
Education	-	8,496,628	8,496,628	300,672	-	8,797,300
Cultural and recreational	7,470,153	(697,192)	6,772,961	437,781	-	7,210,742
	<u>86,909,104</u>	<u>502,196</u>	<u>87,411,300</u>	<u>3,450,130</u>	<u>175,001</u>	<u>90,686,429</u>
Less accumulated depreciation and amortization for:						
General government	-	5,325,230	5,325,230	805,144	11,867	6,118,507
Central services	-	2,437,940	2,437,940	323,504	11,000	2,750,444
Public safety	-	4,642,076	4,642,076	734,805	87,368	5,289,513
Environmental protection	-	1,051,957	1,051,957	110,346	-	1,162,303
Economic development	-	840,452	840,452	122,488	19,113	943,827
Human services	-	1,995,820	1,995,820	234,602	-	2,230,422
Cultural and recreational	-	2,595,784	2,595,784	264,784	-	2,860,568
	<u>-</u>	<u>18,889,259</u>	<u>18,889,259</u>	<u>2,595,673</u>	<u>129,348</u>	<u>21,355,584</u>
Capital Assets - net	<u>\$ 86,909,104</u>	<u>\$ (18,387,063)</u>	<u>\$ 68,522,041</u>	<u>\$ 854,457</u>	<u>\$ 45,653</u>	<u>\$ 69,330,845</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 6 - CAPITAL ASSETS (Continued)

The County's management became aware of certain capital assets which had not been reported within the general fixed assets account group at June 30, 2002. Such assets as of June 30, 2002 had a cost of \$3,689,087.

	June 30, 2002 As Previously Stated	Prior Period Adjustment	June 30, 2002 As Restated	Transfers In / Additions	Transfers Out / Disposals	June 30, 2003
Nondepreciable assets:						
Land	\$ 760,138	\$ -	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in progress	<u>13,176,060</u>	<u>-</u>	<u>13,176,060</u>	<u>8,349,448</u>	<u>3,170,279</u>	<u>18,355,229</u>
	<u>13,936,198</u>	<u>-</u>	<u>13,936,198</u>	<u>8,349,448</u>	<u>3,170,279</u>	<u>19,115,367</u>
Depreciable assets:						
Buildings	20,001,662	(59,763)	19,941,899	8,000	-	19,949,899
Water tanks	2,500,943	-	2,500,943	-	-	2,500,943
Water lines, wells, taps, and pump stations	59,086,472	(311,557)	58,774,915	4,919,843	-	63,694,758
Equipment and vehicles	<u>2,563,255</u>	<u>(507,661)</u>	<u>2,055,594</u>	<u>179,297</u>	<u>-</u>	<u>2,234,891</u>
	<u>84,152,332</u>	<u>(878,981)</u>	<u>83,273,351</u>	<u>5,107,140</u>	<u>-</u>	<u>88,380,491</u>
Less accumulated depreciation and amortization for:						
Buildings	7,314,876	(24,338)	7,290,538	497,521	-	7,788,059
Water tanks	561,889	-	561,889	41,683	-	603,572
Water lines, wells, taps and pump stations	12,458,511	(57,699)	12,400,812	1,253,445	-	13,654,257
Equipment and vehicles	<u>1,762,547</u>	<u>(301,473)</u>	<u>1,461,074</u>	<u>118,581</u>	<u>-</u>	<u>1,579,655</u>
	<u>22,097,823</u>	<u>(383,510)</u>	<u>21,714,313</u>	<u>1,911,230</u>	<u>-</u>	<u>23,625,543</u>
Depreciable assets - net	<u>62,054,509</u>	<u>(495,471)</u>	<u>61,559,038</u>	<u>3,195,910</u>	<u>-</u>	<u>64,754,948</u>
Total Business-type Activities Capital Assets - net	<u>\$ 75,990,707</u>	<u>\$ (495,471)</u>	<u>\$ 75,495,236</u>	<u>\$ 11,545,358</u>	<u>\$ 3,170,279</u>	<u>\$ 83,870,315</u>

Depreciation was charged to functions/programs of the business-type activities as follows:

Water	\$ 1,891,378
Sewer	<u>19,852</u>
	<u>\$ 1,911,230</u>

The following is a summary of proprietary fund type fixed assets for the discretely presented component units at June 30, 2003.

	ABC Board	Airport Commission
Nondepreciable assets:		
Land	\$ 62,516	\$ 36,980
Construction in progress	<u>-</u>	<u>3,555,212</u>
	<u>62,516</u>	<u>3,592,192</u>
Depreciable assets:		
Buildings	305,215	608,702
Leasehold improvements	520	58,675
Furniture and equipment	112,874	339,971
Infrastructure	<u>-</u>	<u>1,356,711</u>
	<u>418,609</u>	<u>2,364,059</u>
Less accumulated depreciation	<u>(95,661)</u>	<u>(1,435,156)</u>
Depreciable assets net	<u>322,948</u>	<u>928,903</u>
Capital assets - net	<u>\$ 385,464</u>	<u>\$ 4,521,095</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 7 - DEFERRED/UNEARNED REVENUES

The balance in deferred/unearned revenues at June 30, 2003 is composed of the following elements:

Government-Wide Statements:

	<u>General Fund</u>
Prepaid amounts	\$ 77,781
Unearned grant funds	<u>3,211</u>
Total deferred unearned revenues	<u>\$ 80,992</u>

Fund Financial Statements:

	<u>General Fund</u>	<u>Non-Major Govern- mental</u>	<u>Total</u>
Prepaid taxes not yet earned	\$ 77,782	\$ -	\$ 77,782
Taxes receivable	3,716,369	-	3,716,369
EMS billing	180,098	-	180,098
Other	3,211	-	3,211
Special assessments receivable	<u>-</u>	<u>403,565</u>	<u>403,565</u>
Total deferred revenues	<u>\$3,977,460</u>	<u>\$ 403,565</u>	<u>\$4,381,025</u>

NOTE 8 - LONG-TERM OBLIGATIONS

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water system are reported as long-term debt in the Water Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due.

Certificates of Participation

The County participates in various lease purchase agreements through the Brunswick County Leasing Corporation to finance certain public improvements. Certificates of Participation are issued in connection with these agreements. Since the corporation is considered a blended component unit of the County, the lease obligations are classified as certificates of participation in the County's long-term debt.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Long-Term Debt

Long-term debt obligations of the County at June 30, 2003 consist of the following:

	<u>Serviced By</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>General Obligation Bonds:</u>		
School bonds; issued May, 2001; due in annual installments of \$800,000 to \$2,800,000; maturing in May 2021; interest at 4.25% to 5.00%	\$ 36,700,000	\$ -
School bonds; issued May, 2000; due in annual installments of \$200,000 to \$800,000; maturing in May 2020; interest at 5.25% to 5.75%	12,400,000	-
Water series; issued June 1994; due in annual installments of \$75,000 to \$300,000; maturing through 2009; interest at 5.3% to 5.6%	-	1,355,000
Refunding series; issued December 1993; due in annual installments of \$600,000 to \$3,560,000; maturing through March 2008; interest at 4.3% to 4.8%	2,502,714	5,447,286
School bonds, issued May 2003; due in annual installments of \$750,000 to \$1,820,000; maturing in May 2022; interest at 3.0% to 4.5%	<u>18,320,000</u>	<u>-</u>
Total general obligation bonds	<u>69,922,714</u>	<u>6,802,286</u>
<u>Certificates of Participation:</u>		
Courthouse series; due in installments of \$25,300 to \$1,172,320 including interest at 5%; maturing 2020	<u>14,600,000</u>	<u>-</u>
Total certificates of participation	<u>14,600,000</u>	<u>-</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

	<u>Serviced By</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Installment Purchases:</u>		
Building; due in semiannual installments of \$571,249; maturing 2005; interest at 3.2% to 6.3%	\$ 1,142,815	\$ -
Building; due in semiannual installments of \$201,750; maturing 2004; interest at 4.5%	583,274	-
Building due in annual installments of \$431,864; maturing 2004; interest at 4.75%	139,811	271,152
Building due in annual installments of \$908,689; maturing 2008; interest at 4.27%	4,014,821	-
Public improvement; due in annual installments of \$396,294; maturing 2004; interest at 4.78%	-	383,461
Total installment purchases	<u>5,880,721</u>	<u>654,613</u>
<u>Other Long-Term Debt:</u>		
Compensated absences (unused vested vacation pay)	1,566,162	153,625
Pension benefit obligation	213,293	-
Accrued landfill closure costs	<u>11,185,470</u>	-
Total other long-term debt	<u>12,964,925</u>	<u>153,625</u>
Total outstanding	103,368,360	7,610,524
Unamortized issuance costs	-	(182,262)
Total debt - net	<u>\$103,368,360</u>	<u>\$ 7,428,262</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of changes in long-term debt for the year ended June 30, 2003 for the County:

Primary Government:

	Balance June 30, <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30, <u>2003</u>	Due Within <u>One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 53,674,628	\$ 18,320,000	\$ 2,071,914	\$ 69,922,714	\$ 2,984,138
Certificates of participation	15,420,000	-	820,000	14,600,000	600,000
Installment purchases	7,803,890	-	1,923,169	5,880,721	1,830,087
Accrued compensated absences	1,194,599	371,563	-	1,566,162	-
Pension benefit obligation	168,248	45,045	-	213,293	-
Accrued landfill closure postclosure costs	<u>9,119,435</u>	<u>2,066,035</u>	<u>-</u>	<u>11,185,470</u>	<u>-</u>
Subtotal	<u>87,380,800</u>	<u>20,802,643</u>	<u>4,815,083</u>	<u>103,368,360</u>	<u>5,414,225</u>
<u>Business-type Activities</u>					
General obligation bonds	9,210,372	-	2,408,086	6,802,286	2,325,862
Certificates of participation	890,000	-	890,000	-	-
Installment purchases	<u>1,274,240</u>	<u>-</u>	<u>619,627</u>	<u>654,613</u>	<u>654,613</u>
Subtotal	<u>11,374,612</u>	<u>-</u>	<u>3,917,713</u>	<u>7,456,899</u>	<u>2,980,475</u>
Total Primary Government	<u>\$ 98,755,412</u>	<u>\$ 20,802,643</u>	<u>\$ 8,732,796</u>	<u>\$ 110,825,259</u>	<u>\$ 8,394,700</u>
Component Unit - Board of Alcoholic Control:					
Building notes; due in monthly installments of \$1,558 to \$1,650; interest 6.75% to 9%; maturing 2006 to 2010	<u>\$ 241,697</u>	<u>\$ -</u>	<u>\$ 20,458</u>	<u>\$ 221,239</u>	<u>\$ 22,108</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Maturities of Long-Term Debt

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and accrued landfill closure costs, at June 30, 2003, including interest, are as follows:

	Bond obligation		Certificates of Participation		Installment purchases		Total debt due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2004	\$ 2,984,138	\$ 3,276,006	\$ 600,000	\$ 774,640	\$ 1,830,087	\$ 270,173	\$ 5,414,225	\$ 4,320,819
2005	3,033,031	3,096,174	800,000	744,640	1,541,808	174,453	5,374,839	4,015,267
2006	3,401,476	2,972,704	800,000	704,640	801,562	107,127	5,003,038	3,784,471
2007	3,395,180	2,820,535	800,000	664,640	835,789	72,900	5,030,969	3,558,075
2008	3,388,889	2,680,666	800,000	624,640	871,475	37,312	5,060,364	3,342,618
Thereafter	53,720,000	17,732,400	10,800,000	3,903,980	-	-	64,520,000	21,636,380
	<u>69,922,714</u>	<u>32,578,485</u>	<u>14,600,000</u>	<u>7,417,180</u>	<u>5,880,721</u>	<u>661,965</u>	<u>90,403,435</u>	<u>40,657,630</u>
Business-type Activities:								
2004	2,325,862	325,560	-	-	654,613	31,000	2,980,475	356,560
2005	2,001,969	220,146	-	-	-	-	2,001,969	220,146
2006	738,524	127,336	-	-	-	-	738,524	127,336
2007	724,820	99,594	-	-	-	-	724,820	99,594
2008	711,111	53,334	-	-	-	-	711,111	53,334
Thereafter	300,000	16,800	-	-	-	-	300,000	16,800
	<u>6,802,286</u>	<u>842,770</u>	<u>-</u>	<u>-</u>	<u>654,613</u>	<u>31,000</u>	<u>7,456,899</u>	<u>873,770</u>
Total	\$ 76,725,000	\$ 33,421,255	\$ 14,600,000	\$ 7,417,180	\$ 6,535,334	\$ 692,965	\$ 97,860,334	\$ 41,531,400

Other Debt Disclosures

At June 30, 2003, the County had a legal debt margin of \$764,264,976.

At June 30, 2003, the County had \$13,880,000 in bonds that were authorized and unissued for the construction and renovation of school facilities. Such bonds are expected to be issued subsequent to year-end in December 2003.

During the year ended June 30, 2003, the County issued \$13 million in bonds for the purchase of real estate; the expansion and improvement of facilities; and the purchase of equipment for a hospital located within the County. The bonds, including both interest and principal, will be repaid with and secured by the pledge of a special ad valorem tax levied by the township in which the hospital is located and are not reflected as debt of the County but are accounted for in the Brunswick County Hospital Authority Agency fund.

NOTE 9 - CONDUIT DEBT OBLIGATIONS

Brunswick County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2003, the amount of industrial revenue bonds outstanding approximated \$6,660,000.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 10 - PENSION PLAN OBLIGATIONS

Local Governmental Employees' Retirement System

Plan Description

The County, the ABC Board and the Economic Development Commission contribute to the statewide Local Governmental Employees' Retirement System ("LGERS"), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report for the State of North Carolina. The State's Comprehensive Annual Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Plan members are required to contribute six percent of their annual covered salary. The County, the ABC Board, and the Economic Development Commission are required to contribute at an actuarially determined rate as follows.

	<u>Rate For Employees Not Engaged In Law Enforcement</u>	<u>Rate For Employees Engaged In Law Enforcement</u>
Brunswick County	4.89%-4.90%	4.78%
ABC Board	6.78%	-
Economic Development Commission	4.90%	-

The contribution requirements of members, the County, the ABC Board and the Economic Development Commission are established and may be amended by the North Carolina General Assembly.

Contributions for the County, the ABC Board and the Economic Development Commission were as follows for the years ended June 30, 2003, 2002, and 2001.

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Brunswick County	\$ 1,034,864	\$ 963,633	\$ 887,177
ABC Board	9,824	9,246	8,832
Economic Development Commission	6,043	6,352	5,825

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 10 - PENSION PLAN OBLIGATIONS (Continued)

The contributions made by the County, the Economic Development Commission, and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"), a single-employer, defined benefit pension plan that provides retirement benefits to the County's sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue separate financial statements.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2002, the Separation Allowance's membership consisted of:

Retirees receiving benefits terminated plan members entitled to but not yet receiving benefits	2
Active plan members	<u>78</u>
Total	<u>80</u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. No funds are set aside to pay future benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 10 - PENSION PLAN OBLIGATIONS (Continued)

The annual required contribution for the current year was determined as part of the December 31, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.9% to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2002 was 28 years.

Annual Pension Costs and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 65,290
Interest on net pension obligation	12,175
Adjustment to annual required contribution	<u>(9,021)</u>
Annual pension cost	68,444
Contributions made	<u>23,078</u>
Increase in net pension obligation	45,366
Net pension obligation, beginning of year	<u>167,927</u>
Net pension obligation, end of year	<u>\$213,293</u>

Trend Information

Trend information is presented for as many years as the standardized measure of pension benefit obligation is available.

3 Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 39,149	74.55%	\$ 131,225
6/30/02	\$ 60,991	39.30%	\$ 167,927
6/30/03	\$ 68,444	33.72%	\$ 213,293

NOTE 10 - PENSION PLAN OBLIGATIONS (Continued)

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2003 were \$190,200, which consisted of \$157,787 from the County and \$32,413 from the law enforcement officers.

Deferred Compensation Plans

The County also offers, to employees not engaged in law enforcement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). Employee participation is discretionary and is limited to the amount allowable under the Internal Revenue Code. For each qualified employee, the County contributes 5% of the employee's pretax annual compensation to the plan. Contributions for the year ended June 30, 2003 were \$1,255,215 which consisted of \$902,417 from the County and \$352,798 from the employees.

Registers of Deeds' Supplemental Pension Fund

Plan Description

The County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System ("LGERs") or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2003, the County's required and actual contributions were \$56,219.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 10 - PENSION PLAN OBLIGATIONS

Postemployment Health Care Benefits

The County has elected to provide health care benefits to retirees of the County on a pay as you go basis. The County pays the full coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, 58 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2003, the County made payments for postretirement health benefit premiums of \$352,176. The County obtains health care coverage through private insurers.

Other Postemployment Death Benefits

The County and the Economic Development Commission have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System ("Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2003, the County and the EDC made contributions to the State for death benefits of \$22,472 and \$123, respectively. The County's and the Commission's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

NOTE 11 - INTERFUND TRANSFERS

The interfund transfers for the year ended June 30, 2003 are as follows:

Transfers to Fund	Transfers from Fund				
	General	County Capital Reserve	Non Major Governmental	Water	Total
General	\$ -	\$ 1,525,905	\$ 3,243,247	\$ 261,207	\$ 5,030,359
County Capital Reserve	651,500	-	-	256,825	908,325
School Capital Project	-	-	3,039,277	-	3,039,277
County Capital Project	-	174,178	-	-	174,178
Non Major Governmental	5,915,587	-	-	129,555	6,045,142
Water	-	295,562	946,070	-	1,241,632
Sewer	2,130,129	816,362	-	-	2,946,491
Total	<u>\$ 8,697,216</u>	<u>\$ 2,812,007</u>	<u>\$ 7,228,594</u>	<u>\$ 647,587</u>	<u>\$ 19,385,404</u>

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE COSTS

Federal and State laws and regulations provide the closure and post closure care requirements of the County's landfills. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date.

Solid Waste Landfill

The County operated a solid waste landfill until December 1997 when it stopped accepting waste at the site. As required by federal and State laws and regulations, the County placed a final cover on this landfill and is performing certain maintenance and monitoring functions at the site for thirty years after closure.

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 3 separate phases with a permitted operational life for all three phases to December 2003. The total permitted capacity of the 3 phases represent 277,000 cubic yards (cy). As of June 30, 2003, the estimated volume utilized exceeded the permitted capacity by more than 12,000 cy.

Additional airspace will be required to complete disposal in 2003. The disposal will be accomplished within the permitted footprint. Although the current permit expires December 2003, NCDENR will allow construction and demolition debris landfills currently in operation to extend their permits for one additional year. Subsequent to year-end, the County submitted the necessary permitting documentation to NCDENR for such a permit extension. Additionally, the County will be seeking to extend the permitted capacity of the demolition and debris landfill to accommodate an estimated additional one year of airspace.

The County does not anticipate any problems with obtaining NCDENR approval for the new permit. NCDENR is currently working on new construction and demolition debris landfill regulations, and it is unknown what these new regulations will entail.

Closure and Postclosure Care Cost

The closure and postclosure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2003 which is 100%. At June 30, 2003, the combined closure and postclosure care costs for both landfills are expected to total \$11,185,470 based on an escalation factor of 4%. Of that amount, \$11,185,470 has been accrued at June 30, 2003 and is included in the Long-Term Debt reported on the statement of net assets

Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE COSTS (Continued)

The County has elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs. A reserve for landfill closure and postclosure care costs is included in the County Capital Reserve Fund in the amount of \$2,453,092. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and postclosure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues. For the year ended June 30, 2003, the County budgeted no transfers from the General Fund to the County Capital Reserve Fund related to landfill costs. Additionally, the County incurred no costs related to its landfills during 2003.

NOTE 13 - RISK MANAGEMENT

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases insurance for property, general liability, automobile, and employee health. The County's property is insured based on actual value. General liability and automobile insurance coverage are each \$2,000,000 per occurrence. Insurance for workers compensation is carried up to the statutory limits.

Coverage for the Tourism Development Authority is provided through a rider to the commercial policy held by the County with a limit of \$1 million per occurrence

The Economic Development Commission and the Airport Commission carry commercial coverage for all risks of loss.

There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years for either the County, the EDC, or the Airport Commission.

NOTE 14 - CLAIMS AND JUDGMENTS

The County is a defendant in a lawsuit contending that the County overcharged a water customer (the "Plaintiff") for service between 1999 and 2002 by more than \$1,000,000. The Plaintiff also contends that it is entitled to reduced water rates and continues to underpay its water bills. The County has filed a counterclaim against the water customer contending that the customer is more than \$400,000 in arrears on water billings. The parties to the lawsuit have completed discovery and briefings on cross motions for summary judgments. The case is scheduled to go to trial during January 2004. Management believes that the County is charging the appropriate amount allowed under a contractual agreement between the parties and believes that the County has good case law to support their position. At June 30, 2003, the County had recognized the revenue received and receivable from the Plaintiff based on management's interpretation of the terms of the contract. No liability has been recorded for any amounts that the County may ultimately incur related to the lawsuit.

Additionally, the County is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 15 - JOINT VENTURES

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2003, the amount of general obligation bonds issued for this purpose that was still outstanding was \$1,713,332. The County made total debt service payments related to the bonds of \$844,828 during the fiscal year. Of that total, \$733,778 was for principal and \$111,050 was for interest. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$1,725,360 to the Community College for operating purposes and \$272,420 for capital purposes during the fiscal year ended June 30, 2003.

The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2003. Complete financial statements for the Brunswick County Community College may be obtained from the Community College's administrative offices at U.S. Hwy. 17 N., Supply, North Carolina.

Southeastern Mental Health Center

The County participates with Pender County and New Hanover County in a joint venture to operate the Southeastern Mental Health Center ("Center"), which is located in New Hanover County. The Center's Board consists of fifteen (15) directors. Each participating county appoints one County Commissioner as a member of the Board. Acting in concert, the County Commissioners so appointed shall appoint, reappoint, and terminate the other members of the Board. Subsequently, the Board of Commissioners of the county of residence of the appointee must confirm those appointed. Brunswick County has 5 members on the Board of Directors. The Southeastern Mental Health, Mental Retardation, and Substance Abuse Board is a county political subdivision of the State of North Carolina. Brunswick County contributed \$534,309 for operating purposes during the year ended June 30, 2003. In addition, the County makes available to the Center operating facilities for which no rent is charged. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Southeastern Mental Health Center may be obtained from the Center's administrative offices at Wilmington, North Carolina.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Cape Fear Council of Governments

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$14,210 to the Council during the fiscal year ended June 30, 2003.

Lower Cape Fear Water and Sewer Authority

The County, in conjunction with four other counties and one municipality, established the Lower Cape Fear Water and Sewer Authority ("Authority"). The Authority operates a 45 mgd raw water system, consisting of a raw water intake located above Lock & Dam #1, Cape Fear River, a 45 mgd pump station and 13 miles of operating raw water main. The County appoints 4 members of the Authority's 13 member Board. The Authority supplies raw water under contracts at a rate that is periodically reset to reflect the Authority's cost of production. The Authority also receives an availability charge from a municipality until the municipality needs the raw water supply. The cost of the raw water acquired by Brunswick County from the Authority for the year ended June 30, 2003 was \$1,064,631.

In addition, the Authority made payments to the County during the fiscal year totaling \$335,331 pursuant to a maintenance contract.

South Brunswick Water and Sewer Authority

The County, in conjunction with the towns of Calabash and Sunset Beach, governs the South Brunswick Water and Sewer Authority ("Authority"). Each of the municipalities appoints 3 members of the Authority's 9 member governing board. The Authority was organized to manage storm water run off and to construct sewer facilities in the southwest region of Brunswick County. The County has neither an ongoing financial interest in nor an ongoing financial responsibility to the Authority.

NOTE 17 - SUPPLEMENTAL AND ADDITIONAL ONE-HALF OF ONE PERCENT LOCAL GOVERNMENT SALES AND USE TAXES

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2003, the County reported these local option sales taxes within its Special Revenue Funds. The County expended the restricted portion of these taxes for funding of debt service of school capital outlay.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 18 - SCHOOL FACILITIES ACT OF 1987

The General Assembly passed the School Facilities Finance Act of 1987 (“Act”) to assist county governments in meeting their public school facility capital needs. The Act created two State-funded programs for construction and renewal of school facilities: the Public School Building Capital Fund administered by the Office of State Budget and Management and the Critical School Facilities Needs Fund administered by the State Board of Education. The County did not qualify for the Critical School Facilities Needs program. The Public School Building Capital Fund may also be used to finance equipment needs under the local school unit’s technology plan.

Public School Building Capital Fund

This program is funded using a portion of the corporate income taxes that are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction provided by the following table of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund. (See below.)

<u>Period</u>	<u>Fraction</u>
Prior to 10/01/97	Two thirty-first (2/31)
10/01/97 to 09/30/98	One-fifteenth (1/15)
10/01/98 to 09/30/99	Two twenty-ninths (2/29)
10/01/99 to 9/30/00	One fourteenth (1/14)
After 9/30/00	Five sixty-ninths (5/69)

Monies in the fund are allocated to Brunswick County on the basis of the average daily membership (“ADM”) for Brunswick County Board of Education as determined by the State Board of Education. The Office of State Budget and Management establishes and maintains an ADM allocation account for the County. At June 30, 2003, the balance of the County’s ADM allocation account was \$12,193. The County must match this balance on the basis of one dollar for every three dollars of state funds for financing the school unit’s facilities capital needs. The local school technology plan does not require a county match.

After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County’s ADM allocation account to its disbursing account maintained with the State Treasurer. At June 30, 2003, the County’s disbursing account had a balance of \$8,194. No money has been received from the State for the year ended June 30, 2003.

Funds in the allocation and disbursing accounts are considered State monies until the County issues warrants to disburse them. At that time, they are recognized in the County’s General Fund as a restricted intergovernmental revenue.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 19 - BENEFIT PAYMENTS ISSUED BY THE STATE

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients. Because they are not revenues and expenditures of the County, they do not appear in the County's financial statements.

	<u>Federal</u>	<u>State</u>
Temporary Assistance for Needy Families	\$ 1,310,214	\$ -
Medicaid	40,921,859	21,136,229
Housing Assistance Payment Program	2,201,610	-
Food Stamp Program	5,873,648	-
Special Supplemental Food Program for Women, Infants and Children	1,149,452	-
State/County Special Assistance for Adults	-	473,286
State Foster Care and Adoption Programs	-	685,576

NOTE 20 - COMMITMENTS AND CONTINGENCIES

The County, the ABC Board and the Economic Development Commission have elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

The County and the Airport Commission have received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. At June 30, 2003, the County and the Airport Commission believe that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

Subsequent to year-end, the County entered into an asset purchase agreement with a North Carolina corporation (the "Seller") to purchase a sewage collection and water distribution system including a wastewater treatment plant. Under the terms of the agreement, the County is expected to issue a revenue bond to the Seller in the aggregate principal amount of \$8,125,000. Consummation of the sale is dependent upon certain future events including approval by several North Carolina State agencies and attainment of certain, permits, licenses, authorizations and approvals.

The County has approved the advance of approximately \$3.3 million of County money to be used in connection with a planned regional wastewater system. The County anticipates that the money advanced to the project by the County will be reimbursed from future financing proceeds and grant monies related to the project.

NOTE 20 - COMMITMENTS AND CONTINGENCIES (Continued)

The County accepted the conveyance of two package treatment plants and wastewater collection systems. Under the terms of one agreement, the County operates an existing 0.6 million gallons per day ("MGD") plant. The County expects to operate the package treatment plant on an interim basis until such time as integration between the existing system and the County's planned regional wastewater system project is completed. The existing package treatment plant site will be leased to the County for 50 years or until the plant is dismantled and a pumping station constructed.

The County has agreed to install a reuse water line from the package treatment plant to a storage/transfer pond and a reuse line from the pond to the irrigation system of the development's golf course. The County estimates a total cost of \$3.8 million to construct the infrastructure, transfer pond and pumping station. In addition, the County has agreed to install any needed infrastructure for transporting reuse water from the planned regional wastewater treatment facility to the existing reuse water line in order to continue transporting reuse water to the golf course once the existing treatment plant has been dismantled. The County anticipates that the capital costs related to the infrastructure will be offset by the reduction in dedicated spray site construction costs.

Under the terms of the agreement, the County may be required to construct the necessary capacity expansions to the package treatment plant required by future development of the tract and convey title of the wastewater collection and package treatment plant back to the residence of the development if the County's planned regional wastewater system is not completed by 2007.

Under a similar agreement, the County accepted title to a second existing wastewater collection and 0.1 MGD package treatment plant. The terms of the agreement require the County to construct a new pumping station and infrastructure required to integrate the existing system into the planned regional wastewater system. The County estimates a total cost of \$460,000 for the infrastructure and pumping station. The terms of the agreement may require the County to increase the capacity of the package treatment plant required by future expansion of or near the development tract if the County's planned regional wastewater system is not completed by 2005.

NOTE 21 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Special Revenue Funds - Grant Project Fund and the Brunswick County Leasing Corporation Fund had deficit fund balances at June 30, 2003 of \$3,274 and \$816,147, respectively. The deficit in the Grant Project Fund will be funded with grant revenues expected to be received during the year ended June 30, 2004. The Brunswick County Leasing Corporation Fund deficit is expected to be funded with transfers from other funds during the year ended June 30, 2004.

Expenditures in the general fund departments of congregate meals program and the soil and water conservation exceeded appropriations by \$9,718 and \$294, respectively.

COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003

NOTE 22 - COMPONENT UNIT - LEASING AGREEMENT

On July 1, 1984, the Brunswick County Hospital Authority entered into an agreement with Hospital Corporation of America to lease the Brunswick County hospital and its equipment for \$1 per year. The term of the lease was ten years, which was the maximum lease term allowable under North Carolina law at the time. The lease provides for an extension of the lease term to forty years should the ten year lease limitations on authorities be repealed or expire. The North Carolina law that limited the lease to ten years lapsed on June 30, 1993. At this time, the term of the lease became forty years. This forty-year term was upheld by a ruling of the Superior Court of North Carolina. Also, the agreement provides Hospital Corporation of America the option of purchasing all leased premises at their book value (approximately \$72,000) upon the expiration of the lease.

In accordance with Financial Accounting Standards Board Statement No. 13, this lease was treated as a sale for reporting purposes.

Leased assets that are determined to be obsolete are returned to the Authority and are sold

NOTE 23 - NET ASSETS BEGINNING OF YEAR/CORRECTION OF ERRORS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Net Assets Beginning of Year</u>		
Fund balance and retained earnings as reported June 30, 2002	\$ 85,158,723	\$ 39,729,689
Adjustment to full accrual:		
In connection with the implementation of GASB Statement No. 34, net assets of governmental activities and business activities on the statement of activities and net assets fund balance of the governmental funds in the fund financial statements have been restated as:		
Capital assets used in governmental activities net of accumulated depreciation of \$20,573,283 at June 30, 2002	68,522,041	-
Revenue resulting from long-term assets which were not available to pay for current expenditures at June 30, 2002	4,156,902	-
Long-term liabilities at June 30, 2002	(86,834,735)	-
Accrued compensated absences not expected to be materially liquidated with expendable available resources at June 30, 2002	(1,194,599)	-
Amounts previously reported as contributed capital were reclassified as net assets		
Water Fund	-	34,058,443
Sewer Fund	-	183,352
	<u>\$ 69,808,332</u>	<u>\$ 73,971,484</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE 23 - NET ASSETS BEGINNING OF YEAR/CORRECTION OF ERRORS (Continued)

Correction of Errors

During 2003, the County's management became aware of certain liabilities related to payroll which had not previously been reported

	\$ <u>(453,520)</u>	\$ <u>(43,512)</u>
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NOTE 24 - CHANGE IN ACCOUNTING PRINCIPLE

The County increased its capitalization threshold for capital assets which resulted in a restatement of the net assets at the beginning of the year on the statement of net assets and the statement of revenues, expenses and changes in fund net assets (deficit) – proprietary funds as follows.

Capital assets used in business-type activities:	
Water Fund	\$ (480,425)
Sewer Fund	<u>(15,046)</u>
	<u>\$ (495,471)</u>

The cumulative effect of this change in accounting principle related to capital assets used in governmental activities totaled (\$1,502,868) which has been included in adjustments to arrive at net assets beginning of year. See Note 23.

NOTE 25 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2003, the Brunswick County Leasing Corporation was not operating under an annual balanced budget ordinance.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

***This section contains additional information required by the Governmental
Accounting Standards Board***

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE – REQUIRED
 SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
12/31/02	\$ 0	\$ 514,216	\$ 514,216	0.00%	\$2,970,724	17.31%
12/31/01	0	445,483	445,483	0.00%	2,533,125	17.59%
12/31/00	0	405,564	405,564	0.00%	2,283,364	17.76%
12/31/99	0	229,060	229,060	0.00%	2,309,143	9.92%
12/31/98	0	202,811	202,811	0.00%	2,058,411	9.85%
12/31/97	0	183,790	183,790	0.00%	1,823,976	10.08%
12/31/96	0	161,302	161,302	0.00%	1,735,697	9.29%
12/31/95	0	138,326	138,326	0.00%	1,438,158	9.62%
12/31/94	0	107,890	107,890	0.00%	1,270,908	8.49%
12/31/93	0	90,030	90,030	0.00%	1,019,320	8.83%
12/31/92	0	81,393	81,393	0.00%	929,148	8.76%

* Information unavailable

**COUNTY OF BRUNSWICK, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE - REQUIRED
SUPPLEMENTAL INFORMATION - SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2003	\$65,290	35.35%
2002	58,387	41.05%
2001	41,638	70.09%
2000	36,279	45.72%
1999	31,961	35.36%
1998	30,097	65.80%
1996	25,312	0.00%
1995	20,970	0.00%
1994	*	*
1993	17,533	0.00%
1992	16,261	0.00%

* Information unavailable

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2002
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return ⁽¹⁾	7.25%
Projected salary increases ⁽²⁾	5.9% to 9.8%
⁽¹⁾ Includes inflation at	3.75%
⁽²⁾ Cost of living adjustments	N/A

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - This fund is the principal fund of the County and is used to account for the receipt and expenditure of resources that are traditionally associated with local government and that are not required to be accounted for in other funds.

COUNTY CAPITAL RESERVE FUND - This fund was established in accordance with North Carolina law to account for the accumulation of resources to be used for construction. When construction begins, the fund balance will be transferred to a Capital Projects Fund.

GRANT PROJECT FUND - This fund accounts for Grant funds received for certain economic development projects.

SCHOOLS CAPITAL PROJECTS FUND - This fund is used to account for the additions and improvements to Brunswick County Public Schools and Brunswick Community College which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

COUNTY CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major county facilities which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
COMPARATIVE BALANCE SHEET - GENERAL FUND
JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash, cash equivalents and investments	\$ 38,327,906	\$ 38,048,421
Taxes receivable - net	3,716,369	3,186,293
Receivables - net	595,362	620,428
Due from other funds	4,392,197	3,381,656
Due from other governmental agencies	5,239,184	4,632,353
Other assets	<u>456,935</u>	<u>-</u>
TOTAL	<u>\$ 52,727,953</u>	<u>\$ 49,869,151</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable, accrued liabilities and deposits	\$ 2,729,464	\$ 2,245,779
Due to other funds	725,497	749,633
Due to other governmental agencies	44,541	44,608
Deferred revenues	<u>3,977,460</u>	<u>3,730,003</u>
Total liabilities	<u>7,476,962</u>	<u>6,770,023</u>
Fund balances:		
Reserved for encumbrances	313,218	157,522
Reserved by State statute	10,046,645	8,180,594
Reserved for prepaids	456,935	-
Unreserved:		
Designated for subsequent year's expenditures	8,964,082	6,998,894
Undesignated	<u>25,470,111</u>	<u>27,762,118</u>
Total fund balances	<u>45,250,991</u>	<u>43,099,128</u>
TOTAL	<u>\$ 52,727,953</u>	<u>\$ 49,869,151</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	Variance positive (negative)	Actual prior year
REVENUES				
Ad valorem taxes:				
Taxes	\$ 60,825,830	\$ 62,184,705	\$ 1,358,875	\$ 60,379,338
Penalties and interest	525,000	568,660	43,660	603,399
	<u>61,350,830</u>	<u>62,753,365</u>	<u>1,402,535</u>	<u>60,982,737</u>
Local option sales taxes:				
Article 39 one percent	6,100,000	6,339,193	239,193	6,247,375
Article 40 one-half of one percent	3,189,000	3,241,458	52,458	3,213,659
Article 42 one-half of one percent	3,163,000	3,210,840	47,840	3,184,898
Article 44 one-half of one percent	1,718,000	1,365,566	(352,434)	-
	<u>14,170,000</u>	<u>14,157,057</u>	<u>(12,943)</u>	<u>12,645,932</u>
Other taxes and licenses:				
Deed stamp excise tax	1,643,530	2,130,217	486,687	1,618,323
State drug tax	19,644	19,780	136	19,235
Scrap tire disposal fee	79,945	90,659	10,714	89,172
	<u>1,743,119</u>	<u>2,240,656</u>	<u>497,537</u>	<u>1,726,730</u>
Unrestricted intergovernmental:				
Intangible taxes	-	-	-	523,604
Beer and wine tax	151,000	179,180	28,180	-
County Board of Alcohol Control	24,000	24,000	-	24,000
Inventories tax reimbursement	-	-	-	335,329
	<u>175,000</u>	<u>203,180</u>	<u>28,180</u>	<u>882,933</u>
Restricted intergovernmental:				
State and federal grant	12,113,921	12,057,785	(56,136)	12,755,619
ABC bottles taxes	35,500	34,066	(1,434)	11,838
ABC education requirement	6,125	4,625	(1,500)	-
ABC law enforcement services	-	2,969	2,969	-
	<u>12,155,546</u>	<u>12,099,445</u>	<u>(56,101)</u>	<u>12,767,457</u>
Permits and fees:				
Solid waste fees	997,000	1,029,562	32,562	923,848
Building permits and inspection fees	663,512	844,547	181,035	695,614
Court facility fees	136,708	140,945	4,237	152,233
Register of Deeds	486,600	1,154,825	668,225	746,914
Other permit and fees	370,533	452,166	81,633	217,633
	<u>2,654,353</u>	<u>3,622,045</u>	<u>967,692</u>	<u>2,736,242</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES (Continued)				
Sales and services:				
Rents, concessions and fees	\$ 89,200	\$ 108,144	\$ 18,944	\$ 87,043
EMS Charges	512,695	921,351	408,656	767,480
Jail fees	17,964	20,787	2,823	23,248
Cafeteria sales	653,909	737,270	83,361	693,753
Public health user fees	462,803	494,952	32,149	532,053
Tax collection fees	31,000	39,155	8,155	35,671
	<u>1,767,571</u>	<u>2,321,659</u>	<u>554,088</u>	<u>2,139,248</u>
Investment earnings	<u>802,748</u>	<u>453,713</u>	<u>(349,035)</u>	<u>815,561</u>
Other:				
Tax refunds - sales and gas tax	135,000	41,867	(93,133)	128,392
Other revenues	1,424,466	1,647,487	223,021	1,512,897
	<u>1,559,466</u>	<u>1,689,354</u>	<u>129,888</u>	<u>1,641,289</u>
Total revenues	<u>96,378,633</u>	<u>99,540,474</u>	<u>3,161,841</u>	<u>96,338,129</u>
EXPENDITURES				
General government:				
Governing body:				
Salaries	91,483	94,594	(3,111)	89,693
Fringe benefits	47,000	35,669	11,331	34,948
Operating costs	123,925	102,842	21,083	80,147
	<u>262,408</u>	<u>233,105</u>	<u>29,303</u>	<u>204,788</u>
County Administration:				
Salaries	1,163,900	354,291	809,609	345,188
Fringe benefits	1,726,127	1,322,476	403,651	961,580
Operating costs	956,433	671,796	284,637	542,627
	<u>3,846,460</u>	<u>2,348,563</u>	<u>1,497,897</u>	<u>1,849,395</u>
Board of Elections:				
Salaries	129,773	128,027	1,746	111,592
Fringe benefits	46,690	43,068	3,622	36,210
Operating costs	161,670	113,192	48,478	84,153
Capital outlay	6,830	6,830	-	33,099
	<u>344,963</u>	<u>291,117</u>	<u>53,846</u>	<u>265,054</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
General government: (Continued)				
Finance:				
Salaries	\$ 424,343	\$ 419,380	\$ 4,963	\$ 372,606
Fringe benefits	133,325	130,083	3,242	107,978
Operating costs	156,500	132,667	23,833	114,322
Capital outlay	-	10,632	(10,632)	1,676
	<u>714,168</u>	<u>692,762</u>	<u>21,406</u>	<u>596,582</u>
Tax administration:				
Salaries	615,912	598,877	17,035	543,412
Fringe benefits	215,530	207,540	7,990	180,923
Operating costs	340,050	249,678	90,372	255,968
Capital outlay	-	-	-	1,366
	<u>1,171,492</u>	<u>1,056,095</u>	<u>115,397</u>	<u>981,669</u>
Revenue collector:				
Salaries	285,023	272,986	12,037	276,231
Fringe benefits	103,730	99,486	4,244	94,625
Operating costs	69,525	58,946	10,579	53,956
	<u>458,278</u>	<u>431,418</u>	<u>26,860</u>	<u>424,812</u>
Geographic information:				
Salaries	268,440	269,953	(1,513)	258,664
Fringe benefits	95,750	92,976	2,774	86,756
Operating costs	191,700	124,761	66,939	320,031
Capital outlay	10,310	8,450	1,860	6,387
	<u>566,200</u>	<u>496,140</u>	<u>70,060</u>	<u>671,838</u>
County attorney:				
Salaries	168,230	171,529	(3,299)	143,019
Fringe benefits	47,770	47,358	412	36,831
Operating costs	127,928	81,083	46,845	94,033
Capital outlay	-	-	-	3,573
	<u>343,928</u>	<u>299,970</u>	<u>43,958</u>	<u>277,456</u>
Register of deeds:				
Salaries	501,635	463,952	37,683	393,902
Fringe benefits	245,969	219,002	26,967	170,283
Operating costs	1,423,531	1,328,629	94,902	1,032,106
Capital outlay	-	-	-	32,318
	<u>2,171,135</u>	<u>2,011,583</u>	<u>159,552</u>	<u>1,628,609</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
General government: (Continued)				
Court facilities:				
Salaries	\$ 39,667	\$ 35,242	\$ 4,425	\$ 37,468
Fringe benefits	12,366	11,952	414	11,731
Operating costs	115,007	89,650	25,357	76,291
Capital outlay	4,700	2,171	2,529	23,349
	<u>171,740</u>	<u>139,015</u>	<u>32,725</u>	<u>148,839</u>
 Total general government	 <u>10,050,772</u>	 <u>7,999,768</u>	 <u>2,051,004</u>	 <u>7,049,042</u>
 Public safety:				
District attorney:				
Salaries	41,186	38,673	2,513	19,621
Fringe benefits	3,322	2,877	445	1,501
Operating costs	39,476	20,058	19,418	4,388
Capital outlay	746	-	746	1,805
	<u>84,730</u>	<u>61,608</u>	<u>23,122</u>	<u>27,315</u>
 Sheriff:				
Salaries	3,097,948	3,100,457	(2,509)	2,905,608
Fringe benefits	1,000,041	984,465	15,576	907,410
Operating costs	581,764	543,705	38,059	501,059
Capital outlay	374,532	344,509	30,023	388,110
	<u>5,054,285</u>	<u>4,973,136</u>	<u>81,149</u>	<u>4,702,187</u>
 Criminal Justice Partnership:				
Salaries	48,176	39,139	9,037	31,888
Fringe benefits	19,438	16,543	2,895	11,634
Operating costs	90,896	56,569	34,327	50,409
Capital outlay	-	-	-	2,307
	<u>158,510</u>	<u>112,251</u>	<u>46,259</u>	<u>96,238</u>
 Detention center:				
Salaries	951,851	945,386	6,465	608,776
Fringe benefits	329,742	332,595	(2,853)	214,409
Operating costs	747,155	746,501	654	627,008
Capital outlay	-	-	-	7,402
	<u>2,028,748</u>	<u>2,024,482</u>	<u>4,266</u>	<u>1,457,595</u>
 Emergency management:				
Salaries	150,578	156,276	(5,698)	111,440
Fringe benefits	60,240	57,179	3,061	48,467
Operating costs	191,579	128,189	63,390	144,838
Capital outlay	87,278	36,966	50,312	74,130
	<u>489,675</u>	<u>378,610</u>	<u>111,065</u>	<u>378,875</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Public safety: (Continued)				
Emergency medical:				
Salaries	\$ 1,682,975	\$ 1,670,049	\$ 12,926	\$ 1,611,046
Fringe benefits	462,163	462,937	(774)	416,743
Operating costs	376,076	292,467	83,609	233,344
Capital outlay	177,240	169,042	8,198	189,817
	<u>2,698,454</u>	<u>2,594,495</u>	<u>103,959</u>	<u>2,450,950</u>
Central communications:				
Salaries	664,915	648,429	16,486	587,139
Fringe benefits	251,360	238,700	12,660	208,212
Operating costs	1,389,592	176,400	1,213,192	15,997
Capital outlay	168,465	184,239	(15,774)	-
	<u>2,474,332</u>	<u>1,247,768</u>	<u>1,226,564</u>	<u>811,348</u>
Medical examiner:				
Operating costs	<u>63,900</u>	<u>63,881</u>	<u>19</u>	<u>51,875</u>
Public inspections:				
Salaries	294,646	298,420	(3,774)	252,036
Fringe benefits	105,910	104,829	1,081	86,217
Operating costs	33,769	27,171	6,598	19,239
Capital outlay	-	-	-	18,127
	<u>434,325</u>	<u>430,420</u>	<u>3,905</u>	<u>375,619</u>
Other agencies:				
Fire districts	376,199	346,325	29,874	607,119
Rescue Squads	567,603	425,500	142,103	327,028
	<u>943,802</u>	<u>771,825</u>	<u>171,977</u>	<u>934,147</u>
Other public safety:				
FEMA buyout program	<u>177,179</u>	<u>20,108</u>	<u>157,071</u>	<u>676,689</u>
Total public safety	<u>14,607,940</u>	<u>12,678,584</u>	<u>1,929,356</u>	<u>11,962,838</u>
Central services:				
Housekeeping:				
Salaries	363,958	306,954	57,004	318,425
Fringe benefits	179,770	151,005	28,765	143,107
Operating costs	80,710	74,867	5,843	43,763
Capital outlay	-	-	-	4,356
	<u>624,438</u>	<u>532,826</u>	<u>91,612</u>	<u>509,651</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Central services: (Continued)				
Service Center:				
Salaries	\$ 317,492	\$ 324,994	\$ (7,502)	\$ 305,308
Fringe benefits	115,980	116,204	(224)	106,557
Operating costs	1,347,885	1,154,469	193,416	1,107,594
Capital outlay	25,000	29,177	(4,177)	11,816
	<u>1,806,357</u>	<u>1,624,844</u>	<u>181,513</u>	<u>1,531,275</u>
Transportation:	184,382	148,983	35,399	108,243
Operating costs	<u>184,382</u>	<u>148,983</u>	<u>35,399</u>	<u>108,243</u>
Operation services:				
Salaries	1,001,202	996,069	5,133	937,763
Fringe benefits	362,909	354,344	8,565	323,304
Operating costs	1,274,886	1,224,758	50,128	1,060,392
Capital outlay	533,899	339,547	194,352	129,161
	<u>3,172,896</u>	<u>2,914,718</u>	<u>258,178</u>	<u>2,450,620</u>
Engineer:				
Salaries	154,560	157,773	(3,213)	142,669
Fringe benefits	51,440	51,793	(353)	44,902
Operating costs	135,416	84,092	51,324	43,081
Capital outlay	23,000	21,059	1,941	28,216
	<u>364,416</u>	<u>314,717</u>	<u>49,699</u>	<u>258,868</u>
Data processing:				
Salaries	142,728	146,002	(3,274)	126,533
Fringe benefits	49,370	49,568	(198)	39,271
Operating costs	952,004	772,041	179,963	768,265
Capital outlay	100,700	114,614	(13,914)	149,993
	<u>1,244,802</u>	<u>1,082,225</u>	<u>162,577</u>	<u>1,084,062</u>
Cafeteria:				
Salaries	154,842	155,477	(635)	150,552
Fringe benefits	60,935	55,547	5,388	51,439
Operating costs	453,417	453,070	347	435,846
	<u>669,194</u>	<u>664,094</u>	<u>5,100</u>	<u>637,837</u>
Total central services	<u>8,066,485</u>	<u>7,282,407</u>	<u>784,078</u>	<u>6,580,556</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Human services:				
Health:				
Administration:				
Salaries	\$ 1,675,009	\$ 1,546,699	\$ 128,310	\$ 1,454,382
Fringe benefits	667,058	563,186	103,872	506,115
Operating costs	74,310	58,709	15,601	70,338
Capital outlay	128,299	74,447	53,852	309,804
	<u>2,544,676</u>	<u>2,243,041</u>	<u>301,635</u>	<u>2,340,639</u>
Animal control:				
Salaries	242,315	235,825	6,490	185,930
Fringe benefits	97,750	95,476	2,274	68,483
Operating costs	133,783	103,378	30,405	124,906
Capital outlay	27,250	11,226	16,024	4,650
	<u>501,098</u>	<u>445,905</u>	<u>55,193</u>	<u>383,969</u>
Smart Start:				
Salaries	20,700	20,748	(48)	14,594
Fringe benefits	10,000	9,893	107	5,558
Operating costs	8,574	6,272	2,302	7,121
	<u>39,274</u>	<u>36,913</u>	<u>2,361</u>	<u>27,273</u>
Maternal and child health:				
Salaries	92,004	57,085	34,919	71,354
Fringe benefits	41,130	25,359	15,771	26,231
Operating costs	230,066	214,042	16,024	221,561
Capital outlay	-	-	-	4,411
	<u>363,200</u>	<u>296,486</u>	<u>66,714</u>	<u>323,557</u>
Communicable diseases:				
Operating costs	103,880	87,802	16,078	76,837
	<u>103,880</u>	<u>87,802</u>	<u>16,078</u>	<u>76,837</u>
Environmental health:				
Salaries	837,060	840,549	(3,489)	808,304
Fringe benefits	291,790	287,575	4,215	266,842
Operating costs	71,045	64,461	6,584	62,822
Capital outlay	34,494	16,694	17,800	103,208
	<u>1,234,389</u>	<u>1,209,279</u>	<u>25,110</u>	<u>1,241,176</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Human services: (Continued)				
Health: (Continued)				
Adult health maintenance:				
Operating costs	\$ 51,905	\$ 48,877	\$ 3,028	\$ 36,558
Capital outlay	-	-	-	1,936
	<u>51,905</u>	<u>48,877</u>	<u>3,028</u>	<u>38,494</u>
Kate B Reynolds:				
Salaries	30,101	30,240	(139)	28,902
Fringe benefits	11,908	11,749	159	11,292
Operating costs	3,624	2,688	936	2,505
	<u>45,633</u>	<u>44,677</u>	<u>956</u>	<u>42,699</u>
Women, infants and children:				
Salaries	189,092	186,365	2,727	182,515
Fringe benefits	77,100	74,843	2,257	70,798
Operating costs	65,004	50,104	14,900	39,783
Capital outlay	-	-	-	4,019
	<u>331,196</u>	<u>311,312</u>	<u>19,884</u>	<u>297,115</u>
Other operating costs:				
Breast and cervical cance	22,942	22,770	172	23,139
Eye clinic	1,100	-	1,100	-
Family planning	141,915	116,002	25,913	125,030
Community health promotion	26,200	18,523	7,677	24,359
	<u>192,157</u>	<u>157,295</u>	<u>34,862</u>	<u>172,528</u>
Total health	<u>5,407,408</u>	<u>4,881,587</u>	<u>525,821</u>	<u>4,944,287</u>
Veterans' services:				
Salaries	63,037	64,257	(1,220)	58,704
Fringe benefits	22,850	22,942	(92)	20,468
Operating costs	19,215	14,966	4,249	9,635
Total veterans' service	<u>105,102</u>	<u>102,165</u>	<u>2,937</u>	<u>88,807</u>
Social services:				
Administration:				
Salaries	2,694,889	2,653,846	41,043	2,496,281
Fringe benefits	1,071,500	1,008,421	63,079	908,779
Operating costs	622,289	529,106	93,183	481,008
Capital outlay	36,000	34,750	1,250	33,556
	<u>4,424,678</u>	<u>4,226,123</u>	<u>198,555</u>	<u>3,919,624</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Human services: (Continued)				
Social services: (Continued)				
Community alternative program:				
Salaries	\$ 711,823	\$ 399,615	\$ 312,208	\$ 275,073
Fringe benefits	373,520	228,738	144,782	206,919
Operating costs	41,000	40,286	714	36,818
	<u>1,126,343</u>	<u>668,639</u>	<u>457,704</u>	<u>518,810</u>
Family for Kids-Kellogg Foundation:				
Salaries	21,200	21,681	(481)	48,660
Fringe benefits	1,205	3,492	(2,287)	6,422
Operating costs	4,555	962	3,593	26,997
	<u>26,960</u>	<u>26,135</u>	<u>825</u>	<u>82,079</u>
Other operating costs:				
TANF	18,448	258	18,190	3,340
Foster homes	108,384	-	108,384	-
Foster care	442,902	295,066	147,836	274,334
Aid to the blind	12,928	2,532	10,396	3,262
Aid to aging - rest home	571,374	473,886	97,488	493,907
Day care	2,495,828	2,741,445	(245,617)	2,977,063
Medical assistance	4,100,000	3,679,949	420,051	3,473,220
Adoption assistance	307,211	190,426	116,785	135,286
	<u>8,057,075</u>	<u>7,383,562</u>	<u>673,513</u>	<u>7,360,412</u>
Total social services	<u>13,635,056</u>	<u>12,304,459</u>	<u>1,330,597</u>	<u>11,880,925</u>
Older adults:				
Administration:				
Salaries	88,539	90,466	(1,927)	29,144
Fringe benefits	28,360	24,787	3,573	13,096
Operating costs	1,100	756	344	428
	<u>117,999</u>	<u>116,009</u>	<u>1,990</u>	<u>42,668</u>
Senior citizens center:				
Salaries	57,923	27,013	30,910	39,402
Fringe benefits	16,030	12,192	3,838	17,612
Operating costs	89,063	81,351	7,712	41,019
	<u>163,016</u>	<u>120,556</u>	<u>42,460</u>	<u>98,033</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Human services: (Continued)				
Older adults: (Continued)				
Transportation program:				
Salaries	\$ 18,699	\$ 5,338	\$ 13,361	\$ 91,576
Fringe benefits	3,460	1,925	1,535	38,666
Operating costs	234,384	234,492	(108)	100,189
	<u>256,543</u>	<u>241,755</u>	<u>14,788</u>	<u>230,431</u>
Home delivered meals program:				
Salaries	21,621	25,058	(3,437)	19,450
Fringe benefits	8,890	3,209	5,681	7,463
Operating costs	167,500	116,491	51,009	124,870
	<u>198,011</u>	<u>144,758</u>	<u>53,253</u>	<u>151,783</u>
Congregate meals program:				
Salaries	41,639	56,218	(14,579)	65,666
Fringe benefits	31,920	28,063	3,857	30,312
Operating costs	112,500	111,496	1,004	97,466
	<u>186,059</u>	<u>195,777</u>	<u>(9,718)</u>	<u>193,444</u>
Title III-In Home Care:				
Salaries	172,800	2,092	170,708	115,985
Fringe benefits	13,220	160	13,060	8,873
Operating costs	9,170	3,406	5,764	8,775
	<u>195,190</u>	<u>5,658</u>	<u>189,532</u>	<u>133,633</u>
Other operating costs:				
Home improvement and repair	7,667	7,959	(292)	7,474
EHTAP transportation	22,500	21,128	1,372	24,478
	<u>30,167</u>	<u>29,087</u>	<u>1,080</u>	<u>31,952</u>
Total older adults	<u>1,146,985</u>	<u>853,600</u>	<u>293,385</u>	<u>881,944</u>
Other human services:				
Southeastern Mental Health Center	539,625	534,309	5,316	533,838
Other	487,816	437,467	50,349	505,327
Total other human services	<u>1,027,441</u>	<u>971,776</u>	<u>55,665</u>	<u>1,039,165</u>
Total human services	<u>21,321,992</u>	<u>19,113,587</u>	<u>2,208,405</u>	<u>18,835,128</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Transportation:				
Brunswick County Airport	\$ 60,000	\$ 60,000	\$ -	\$ 55,000
Ocean Isle Airport	25,000	25,000	-	25,000
Total transportation	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>80,000</u>
Environmental protection:				
Mosquito control:				
Salaries	84,779	43,059	41,720	30,660
Fringe benefits	7,150	3,264	3,886	2,345
Operating costs	50,141	46,692	3,449	57,321
	<u>142,070</u>	<u>93,015</u>	<u>49,055</u>	<u>90,326</u>
Soil and water conservation:				
Salaries	77,223	77,738	(515)	73,969
Fringe benefits	24,713	24,605	108	22,713
Operating costs	11,155	11,042	113	9,595
	<u>113,091</u>	<u>113,385</u>	<u>(294)</u>	<u>106,277</u>
Solid waste:				
Salaries	290,641	278,291	12,350	252,386
Fringe benefits	104,270	96,086	8,184	87,011
Operating costs	8,563,194	8,454,954	108,240	8,102,386
Capital outlay	76,799	62,451	14,348	8,983
	<u>9,034,904</u>	<u>8,891,782</u>	<u>143,122</u>	<u>8,450,766</u>
Other:				
Forestry services	179,466	146,726	32,740	133,750
Artificial reef program	15,000	-	15,000	-
Cape Fear River Corridor	3,000	3,000	-	3,000
Brunswick County Beach Consortium	15,000	15,000	-	30,000
Cape Fear River Basin	20,000	-	20,000	-
	<u>232,466</u>	<u>164,726</u>	<u>67,740</u>	<u>166,750</u>
Total environmental protection	<u>9,522,531</u>	<u>9,262,908</u>	<u>259,623</u>	<u>8,814,119</u>
Culture and recreation:				
Parks and recreation:				
Salaries	684,489	658,876	25,613	615,989
Fringe benefits	246,130	227,884	18,246	210,438
Operating costs	682,363	567,364	114,999	479,859
Capital outlay	1,288,450	336,505	951,945	390,944
	<u>2,901,432</u>	<u>1,790,629</u>	<u>1,110,803</u>	<u>1,697,230</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
EXPENDITURES (Continued)				
Culture and recreation: (Continued)				
Brunswick County Library:				
Salaries	\$ 439,854	\$ 446,323	\$ (6,469)	\$ 426,722
Fringe benefits	174,180	171,323	2,857	156,007
Operating costs	207,030	183,902	23,128	155,333
Capital outlay	88,410	83,878	4,532	80,050
	<u>909,474</u>	<u>885,426</u>	<u>24,048</u>	<u>818,112</u>
Other culture and recreation:				
Contributions	143,928	128,550	15,378	151,727
	<u>143,928</u>	<u>128,550</u>	<u>15,378</u>	<u>151,727</u>
Total culture and recreation	<u>3,954,834</u>	<u>2,804,605</u>	<u>1,150,229</u>	<u>2,667,069</u>
Economic development:				
Agricultural extension:				
Salaries	364,442	326,126	38,316	326,191
Fringe benefits	89,810	74,597	15,213	77,826
Operating costs	132,056	106,467	25,589	92,534
Capital outlay	21,850	18,563	3,287	13,980
Other	5,625	4,739	886	-
Bioterrorism	33,690	29,104	4,586	-
Other	35,000	35,000	-	50,000
	<u>682,473</u>	<u>594,596</u>	<u>87,877</u>	<u>560,531</u>
Planning:				
Salaries	376,097	354,198	21,899	336,109
Fringe benefits	131,700	122,289	9,411	108,562
Operating costs	119,503	112,776	6,727	158,168
Capital outlay	17,000	15,933	1,067	1,714
	<u>644,300</u>	<u>605,196</u>	<u>39,104</u>	<u>604,553</u>
Public housing authority:				
Salaries	189,217	161,224	27,993	176,148
Fringe benefits	69,970	61,580	8,390	63,914
Operating costs	2,247,450	2,077,200	170,250	1,788,564
Capital outlay	20,000	14,876	5,124	-
	<u>2,526,637</u>	<u>2,314,880</u>	<u>211,757</u>	<u>2,028,626</u>
Other economic development:				
Economic Development Commission	262,000	262,000	-	262,000
	<u>262,000</u>	<u>262,000</u>	<u>-</u>	<u>262,000</u>
Total economic development	<u>4,115,410</u>	<u>3,776,672</u>	<u>338,738</u>	<u>3,455,710</u>

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Actual prior year</u>
EXPENDITURES: (Continued)				
Education:				
Public schools - current	\$ 20,119,670	\$ 20,119,670	\$ -	\$ 18,430,339
Public schools - capital outlay	-	-	-	598,955
Community college - current	1,725,360	1,725,360	-	1,627,700
Community college - capital outlay	272,420	272,420	-	257,000
Total education	<u>22,117,450</u>	<u>22,117,450</u>	<u>-</u>	<u>20,913,994</u>
Debt service:				
Principal retirement	4,815,539	4,815,084	455	4,851,485
Interest and fees	4,031,929	3,785,689	246,240	4,061,178
Total debt service	<u>8,847,468</u>	<u>8,600,773</u>	<u>246,695</u>	<u>8,912,663</u>
Contingency	19,692	-	19,692	-
Total expenditures	<u>102,709,574</u>	<u>93,721,754</u>	<u>8,987,820</u>	<u>89,271,119</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,330,941)</u>	<u>5,818,720</u>	<u>12,149,661</u>	<u>7,067,010</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds:				
Special Revenue Funds	3,131,165	4,769,152	1,637,987	3,490,489
Enterprise Funds	261,207	261,207	-	261,207
	<u>3,392,372</u>	<u>5,030,359</u>	<u>1,637,987</u>	<u>3,751,696</u>
Transfers to other funds:				
Special Revenue Funds	(5,119,347)	(6,567,087)	(1,447,740)	(8,864,231)
Enterprise Funds	(3,507,441)	(2,130,129)	1,377,312	-
	<u>(8,626,788)</u>	<u>(8,697,216)</u>	<u>(70,428)</u>	<u>(8,864,231)</u>
Total other financing sources (uses)	<u>(5,234,416)</u>	<u>(3,666,857)</u>	<u>1,567,559</u>	<u>(5,112,535)</u>

(Continued)

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Actual prior year</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (11,565,357)	\$ 2,151,863	\$ 13,717,220	\$ 1,954,475
APPROPRIATED FUND BALANCE	<u>11,565,357</u>	<u>-</u>	<u>(11,565,357)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>2,151,863</u>	<u>\$ 2,151,863</u>	<u>1,954,475</u>
FUND BALANCE, BEGINNING OF YEAR		43,099,128		41,595,389
PRIOR PERIOD ADJUSTMENT		<u>-</u>		<u>(450,736)</u>
FUND BALANCE, BEGINNING OF YEAR RESTATED		<u>43,099,128</u>		<u>41,144,653</u>
FUND BALANCE, END OF YEAR		<u>\$ 45,250,991</u>		<u>\$ 43,099,128</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - COUNTY CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Actual prior year</u>
REVENUES				
Investment earnings	\$ -	\$ 131,161	\$ 131,161	\$ 260,219
EXPENDITURES				
Economic and physical development	<u>249,095</u>	<u>-</u>	<u>249,095</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(249,095)</u>	<u>131,161</u>	<u>380,256</u>	<u>260,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	(874,405)	(874,405)	-	2,332,256
Capital Projects	(477,500)	(174,718)	302,782	(158,662)
Enterprise Funds	<u>(1,420,529)</u>	<u>(855,099)</u>	<u>565,430</u>	<u>(3,244,224)</u>
Total other financing sources (uses)	<u>(2,772,434)</u>	<u>(1,904,222)</u>	<u>868,212</u>	<u>(1,070,630)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,021,529)	(1,773,061)	1,248,468	(810,411)
APPROPRIATED FUND BALANCE	<u>3,021,529</u>	<u>-</u>	<u>(3,021,529)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	(1,773,061)	<u>\$ (1,773,061)</u>	(810,411)
FUND BALANCE, BEGINNING OF YEAR		<u>11,762,230</u>		<u>12,572,641</u>
FUND BALANCE, END OF YEAR		<u>\$ 9,989,169</u>		<u>\$ 11,762,230</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - GRANT PROJECT FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003

	Project Authorization	Prior Years	Current Years	Total to Date
REVENUES				
Restricted intergovernmental	\$ 5,568,331	\$ 1,136,190	\$ 2,103,680	\$ 3,239,870
Loan repayments	31,068	31,068	-	31,068
Investment earnings	-	8,980	335	9,315
Total revenues	<u>5,599,399</u>	<u>1,176,238</u>	<u>2,104,015</u>	<u>3,280,253</u>
EXPENDITURES				
Economic and physical development	<u>5,613,373</u>	<u>2,385,408</u>	<u>907,891</u>	<u>3,293,299</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,974)</u>	<u>(1,209,170)</u>	<u>1,196,124</u>	<u>(13,046)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	13,974	13,974	-	13,974
Public housing grant fund	-	(3,526)	-	(3,526)
Total other financing sources (uses)	<u>13,974</u>	<u>10,448</u>	<u>-</u>	<u>10,448</u>
REVENUES AND OTHER FINANCING SOURCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (1,198,722)</u>	<u>1,196,124</u>	<u>\$ (2,598)</u>
FUND BALANCE, BEGINNING OF YEAR			(1,198,722)	
PRIOR PERIOD ADJUSTMENT			(676)	
FUND BALANCE, BEGINNING OF YEAR RESTATED			<u>(1,199,398)</u>	
FUND BALANCE, END OF YEAR			<u>\$ (3,274)</u>	

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 SCHOOLS CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003**

	Project Budget	Prior Years	Actual Current Years	Total to Date
REVENUES				
Restricted intergovernmental revenues	\$ 7,770,251	\$ 9,322,925	\$ -	\$ 9,322,925
Investment earnings	504,990	3,053,930	253,236	3,307,166
Other	596,304	357,552	520,498	878,050
Total revenues	<u>8,871,545</u>	<u>12,734,407</u>	<u>773,734</u>	<u>13,508,141</u>
EXPENDITURES				
Education	<u>106,699,582</u>	<u>65,111,714</u>	<u>21,046,490</u>	<u>86,158,204</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(97,828,037)</u>	<u>(52,377,307)</u>	<u>(20,272,756)</u>	<u>(72,650,063)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Special Revenue Funds	16,098,018	11,390,147	3,039,277	14,429,424
Bond anticipation note payment	(500,000)	(517,739)		(517,739)
Debt financing issued	<u>82,230,019</u>	<u>62,832,502</u>	<u>18,320,000</u>	<u>81,152,502</u>
Total other financing sources (uses)	<u>97,828,037</u>	<u>73,704,910</u>	<u>21,359,277</u>	<u>95,064,187</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 21,327,603</u>	1,086,521	<u>\$ 22,414,124</u>
FUND BALANCE, BEGINNING OF YEAR			<u>21,327,603</u>	
FUND BALANCE, END OF YEAR			<u>\$ 22,414,124</u>	

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - COUNTY CAPITAL PROJECTS FUND
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003**

	Project Budget	Prior Years	Actual Current Years	Total to Date
REVENUES				
Restricted intergovernmental	\$ 4,409,822	\$ 341,412	\$ 2,960,927	\$ 3,302,339
Investment earnings	-	1,037,995	38,234	1,076,229
Other	795,882	820,391	17,380	837,771
Total revenues	5,205,704	2,199,798	3,016,541	5,216,339
EXPENDITURES				
Capital improvements	28,442,068	20,768,371	3,295,447	24,063,818
REVENUES OVER (UNDER) EXPENDITURES				
	(23,236,364)	(18,568,573)	(278,906)	(18,847,479)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	20,605	20,605	-	20,605
Special Revenue Funds	5,962,942	4,172,335	174,718	4,347,053
Capital Project Funds	176,385	-	-	-
Enterprise Fund	-	(53,800)	-	(53,800)
Debt financing issued	17,076,432	16,884,500	-	16,884,500
Total other financing sources (uses)	23,236,364	21,023,640	174,718	21,198,358
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ 2,455,067	(104,188)	\$ 2,350,879
FUND BALANCE, BEGINNING OF YEAR			2,455,067	
FUND BALANCE, END OF YEAR			\$ 2,350,879	

NON MAJOR GOVERNMENTAL FUNDS

OCCUPANCY TAX FUND - This fund is used to account for the proceeds of the room occupancy tax levied pursuant to Session Law 1997-364. The proceeds are transferred to the Brunswick County Tourism Development Authority, which is a discretely presented component unit of the County.

BRUNSWICK COUNTY LEASING CORPORATION FUND - This fund is the general fund of the blended component unit of the County. This fund accounts for Trustee held funds under Certificate of Participation Agreements, which were used to finance general government facilities and proprietary fund water line construction.

EMERGENCY TELEPHONE SYSTEM FUND - This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.

REVALUATION FUND - This fund accounts for the accumulation of resources to be used for the octennial revaluation of real property.

SAD REVOLVING FUND - This fund accounts for collections of assessments from Special Assessment Districts for water line construction. Collections are designated for future capital outlays in Special Assessment Districts.

SPECIAL SCHOOL CAPITAL RESERVE (AD VALOREM) FUND - This fund was established in accordance with North Carolina law to account for the accumulation of ad valorem tax revenues for the construction of school facilities. When construction begins, the fund balance will be transferred to a Capital Projects Fund.

SCHOOL CAPITAL RESERVE (SALES TAX) FUND - This fund was established in accordance with North Carolina law to account for the accumulation of supplemental and additional supplemental sales taxes for public school capital outlays or retirement of public school indebtedness.

REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND - This fund accounts for the fees collected by the Register of Deeds that North Carolina law requires to be set aside and placed in a nonreverting automation enhancement and preservation fund.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2003

	Special Revenue Funds							Total
	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Revaluation Fund	SAD Revolving Fund	Special School Capital Reserve (Ad Valorem) Fund	School Capital Reserve (Sales Tax) Fund	ROD- Technology Enhancement Fund	
ASSETS								
Cash, cash equivalents and investment	\$ 48,532	\$ 648,492	\$ 471,550	\$ 148,255	\$ 1,955,562	\$ 2,895,950	\$ 153,903	\$ 6,322,244
Restricted cash	-	-	-	-	-	-	-	466
Special assessment	-	-	-	403,565	-	-	-	403,565
Other receivables	131,634	58,674	6,241	-	-	-	-	196,549
Due from other funds	-	-	-	-	-	725,497	-	725,497
TOTAL	\$ 180,166	\$ 707,166	\$ 477,791	\$ 551,820	\$ 1,955,562	\$ 3,621,447	\$ 153,903	\$ 7,648,321
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable and accrued liabilities	165,238	26,248	3,427	-	-	-	3,200	198,113
Due to other funds	2,350	-	-	-	-	-	-	818,963
Deferred revenue	-	-	-	403,565	-	-	-	403,565
Total liabilities	167,588	26,248	3,427	403,565	-	-	3,200	1,420,641
Fund balance (deficit):								
Reserved for encumbrances	-	1,085	57,890	-	-	-	-	58,975
Reserved by State statute	131,634	58,674	6,241	-	-	725,497	-	922,046
Reserved for debt service	-	-	-	-	-	-	-	466
Unreserved:								
Designated for capital projects	-	-	-	-	1,079,759	568,746	-	1,648,505
Designated for subsequent year	-	-	-	-	875,803	2,327,204	-	3,203,007
Undesignated	(119,056)	621,159	410,233	148,255	-	-	150,703	394,681
Total fund balance (deficit):	12,578	680,918	474,364	148,255	1,955,562	3,621,447	150,703	6,227,680
TOTAL	\$ 180,166	\$ 707,166	\$ 477,791	\$ 551,820	\$ 1,955,562	\$ 3,621,447	\$ 153,903	\$ 7,648,321

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003**

Specialia Revenue Funds

	Occupancy Tax Fund	Brunswick County Leasing Corporation Fund	Emergency Telephone System Fund	Revaluation Fund	SAD Revolving Fund	Special School Capital Reserve (Ad Valorem) Fund	School Capital Reserve (Sales Tax) Fund	ROD- Technology Enhancement Fund	Total
REVENUES:									
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 126,715	\$ -	\$ -	\$ -	\$ 126,715
Other taxes and licenses	793,002	-	602,091	-	-	-	-	-	1,395,093
Restricted intergovernmental	-	-	107,252	-	-	-	-	-	107,252
Investment earnings	911	12,606	6,653	3,826	801	25,982	48,402	1,087	100,268
Total revenues	793,913	12,606	715,996	3,826	127,516	25,982	48,402	1,087	1,729,328
EXPENDITURES:									
General government	-	-	-	-	-	-	-	14,855	14,855
Public safety	-	-	570,065	-	-	-	-	-	570,065
Economic and physical development	772,784	-	-	-	-	-	-	-	772,784
Revaluation services	-	-	-	221,065	-	-	-	-	221,065
Total expenditures	772,784	-	570,065	221,065	-	-	-	14,855	1,578,769
REVENUES OVER (UNDER) EXPENDITURES	21,129	12,606	145,931	(217,239)	127,516	25,982	48,402	(13,768)	150,559
OTHER FINANCING SOURCES (USES):									
Transfers in (out):									
General Fund	(14,802)	(234,676)	-	249,158	-	1,246,211	1,308,821	117,628	2,672,340
Capital Project Funds	-	-	-	-	-	(1,646,631)	(1,392,646)	-	(3,039,277)
Enterprise Funds	-	(816,515)	-	-	-	-	-	-	(816,515)
Total other financing sources (uses)	(14,802)	(1,051,191)	-	249,158	-	(400,420)	(83,825)	117,628	(1,183,452)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	6,327	(1,038,585)	145,931	31,919	127,516	(374,438)	(35,423)	103,860	(1,032,893)
FUND BALANCE, BEGINNING OF YEAR	6,251	222,438	534,987	444,553	20,739	2,330,000	3,656,870	46,843	7,262,681
CORRECTION OF AN ERROR	-	-	-	(2,108)	-	-	-	-	(2,108)
FUND BALANCE, BEGINNING OF YEAR, RESTATED	6,251	222,438	534,987	442,445	20,739	2,330,000	3,656,870	46,843	7,260,573
FUND BALANCE (DEFICIT), END OF YEAR	\$ 12,578	\$ (816,147)	\$ 680,918	\$ 474,364	\$ 148,255	\$ 1,955,562	\$ 3,621,447	\$ 150,703	\$ 6,227,680

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - OCCUPANCY TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
Other taxes and licenses	\$ 820,600	\$ 793,002	\$ (27,598)	\$ 761,786
Investment earnings	-	911	911	1,845
Other	-	-	-	1,552
Total revenues	820,600	793,913	(26,687)	765,183
EXPENDITURES				
Economic and physical development	805,460	772,784	32,676	747,640
REVENUES OVER (UNDER) EXPENDITURES				
	15,140	21,129	5,989	17,543
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	(15,140)	(14,802)	338	(18,252)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ -	6,327	\$ 6,327	(709)
FUND BALANCE, BEGINNING OF YEAR				
		6,251		6,960
FUND BALANCE, END OF YEAR				
		\$ 12,578		\$ 6,251

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL AND CHANGES IN FUND BALANCE -
 BRUNSWICK COUNTY LEASING CORPORATION FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
Investment earnings	\$ -	\$ 12,606	\$ 12,606	\$ 25,736
Other	-	-	-	1,549
Total revenues	-	12,606	12,606	27,285
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	12,606	12,606	27,285
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	-	(234,676)	(234,676)	(14,845)
Water Fund	-	(816,515)	(816,515)	(33,573)
Total other financing sources (uses)	-	(1,051,191)	(1,051,191)	(48,418)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	(1,038,585)	\$ (1,038,585)	(21,133)
FUND BALANCE, BEGINNING OF YEAR		222,438		243,571
FUND BALANCE, END OF YEAR		\$ (816,147)		\$ 222,438

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - EMERGENCY TELEPHONE SYSTEM FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES:				
Other taxes and licenses	\$ 486,708	\$ 602,091	\$ 115,383	\$ 625,361
Restricted intergovernmental	34,200	107,252	73,052	84,451
Investment earnings	-	6,653	6,653	5,905
Other	-	-	-	22
Total revenues	<u>520,908</u>	<u>715,996</u>	<u>195,088</u>	<u>715,739</u>
EXPENDITURES:				
Public safety	<u>704,623</u>	<u>570,065</u>	<u>134,558</u>	<u>403,058</u>
REVENUES OVER (UNDER) EXPENDITURES	(183,715)	145,931	329,646	312,681
APPROPRIATED FUND BALANCE	<u>183,715</u>	<u>-</u>	<u>(183,715)</u>	<u>-</u>
REVENUES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	145,931	<u>\$ 145,931</u>	312,681
FUND BALANCE, BEGINNING OF YEAR		<u>534,987</u>		<u>222,306</u>
FUND BALANCE, END OF YEAR		<u>\$ 680,918</u>		<u>\$ 534,987</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - REVALUATION FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES:				
Investment earnings	\$ 8,000	\$ 3,826	\$ (4,174)	\$ 7,152
EXPENDITURES:				
Revaluation services	352,358	221,065	131,293	209,558
REVENUES OVER (UNDER) EXPENDITURES	(344,358)	(217,239)	127,119	(202,406)
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
General Fund	249,158	249,158	-	225,801
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(95,200)	31,919	127,119	23,395
APPROPRIATED FUND BALANCE	95,200	-	(95,200)	-
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	31,919	\$ 31,919	23,395
FUND BALANCE, BEGINNING OF YEAR		444,553		421,158
CORRECTION OF AN ERROR		(2,108)		-
FUND BALANCE, BEGINNING OF YEAR RESTATED		442,445		421,158
FUND BALANCE, END OF YEAR		\$ 474,364		\$ 444,553

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SAD REVOLVING FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Actual prior year</u>
REVENUES				
Special assessments	\$ -	\$ 126,715	\$ 126,715	\$ 133,020
Investment earnings	-	801	801	10,158
Total revenues	-	127,516	127,516	143,178
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	127,516	127,516	143,178
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Water fund	-	-	-	(550,781)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	127,516	<u>\$ 127,516</u>	(407,603)
FUND BALANCE, BEGINNING OF YEAR		<u>20,739</u>		<u>428,342</u>
FUND BALANCE, END OF YEAR		<u>\$ 148,255</u>		<u>\$ 20,739</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SPECIAL SCHOOL CAPITAL RESERVE
 (AD VALOREM) FUND
 FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Actual</u>	Variance positive (negative)	Actual prior year
REVENUES				
Investment earnings	\$ -	\$ 25,982	\$ 25,982	\$ 30,800
EXPENDITURES				
Capital improvements	<u>1,246,211</u>	<u>-</u>	<u>1,246,211</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,246,211)</u>	<u>25,982</u>	<u>1,272,193</u>	<u>30,800</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	1,246,211	1,246,211	-	1,656,095
Capital Project Funds	<u>(2,793,988)</u>	<u>(1,646,631)</u>	<u>1,147,357</u>	<u>(845,027)</u>
Total other financing sources (uses)	<u>(1,547,777)</u>	<u>(400,420)</u>	<u>1,147,357</u>	<u>811,068</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,793,988)	(374,438)	2,419,550	841,868
APPROPRIATED FUND BALANCE	<u>2,793,988</u>	<u>-</u>	<u>(2,793,988)</u>	<u>-</u>
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	(374,438)	\$ (374,438)	841,868
FUND BALANCE, BEGINNING OF YEAR		<u>2,330,000</u>		<u>1,488,132</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,955,562</u>		<u>\$ 2,330,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - SCHOOL CAPITAL RESERVE
 (SALES TAX) FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
Investment earnings	\$ -	\$ 48,402	\$ 48,402	\$ 85,882
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	48,402	48,402	85,882
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	1,264,880	1,308,821	43,941	1,244,920
Capital Project Funds	(3,549,532)	(1,392,646)	2,156,886	(1,262,123)
Total other financing sources (uses)	(2,284,652)	(83,825)	2,200,827	(17,203)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,284,652)	(35,423)	2,249,229	68,679
APPROPRIATED FUND BALANCE	2,284,652	-	(2,284,652)	-
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	(35,423)	\$ (35,423)	68,679
FUND BALANCE, BEGINNING OF YEAR		3,656,870		3,588,191
FUND BALANCE, END OF YEAR		\$ 3,621,447		\$ 3,656,870

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SUPPLEMENTAL STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE -
 REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
Investment earnings	\$ -	\$ 1,087	\$ 1,087	\$ 151
EXPENDITURES				
General government	117,478	14,855	102,623	-
REVENUES OVER (UNDER) EXPENDITURES	(117,478)	(13,768)	(101,536)	151
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	117,478	117,628	150	46,692
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	103,860	\$ (101,386)	46,843
FUND BALANCE, BEGINNING OF YEAR		46,843		-
FUND BALANCE, END OF YEAR		\$ 150,703		\$ 46,843

MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

WATER FUND - This fund is used to account for the County's water operations.

SEWER FUND - This fund is used to account for the County's sewer operations.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
 OPERATING FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance possible (negative)	Actual prior year
REVENUES:				
User charges	\$ 11,872,285	\$ 13,510,010	\$ 1,637,725	\$ 11,281,149
Investment earnings	100,000	125,483	25,483	173,528
Other	364,816	490,833	126,017	399,459
Total revenues	12,337,101	14,126,326	1,789,225	11,854,136
EXPENDITURES:				
Salaries	1,795,331	1,725,997	69,334	1,680,076
Fringe benefits	682,440	595,809	86,631	563,837
Operating expenditures	4,924,622	4,308,689	615,933	3,617,407
Capital outlay	492,598	350,814	141,784	341,891
Debt service:				
Principal	3,918,735	3,917,713	1,022	3,910,093
Interest	549,001	494,612	54,389	848,506
Total expenditures	12,362,727	11,393,634	969,093	10,961,810
REVENUES OVER (UNDER) EXPENDITURES	(25,626)	2,732,692	2,758,318	892,326
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
General Fund	(261,207)	(261,207)	-	(261,207)
Special Revenue Funds	(256,825)	554,658	(811,483)	(166,427)
Capital Project	-	62,500	62,500	272,628
Total other financing sources (uses)	(518,032)	355,951	(748,983)	(155,006)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(543,658)	3,088,643	2,009,335	737,320
APPROPRIATED FUND BALANCE	543,658	-	(543,658)	-
REVENUES, OTHER FINANCING SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 3,088,643	\$ 1,465,677	\$ 737,320

This schedule is included to show budgetary compliance.

RECONCILIATION TO NET INCOME

Revenues over (under) expenditures:	
Utility Fund	\$ 3,088,643
Water Capital Reserve	1,610
2002 Waterline Capital Project	(4,083)
2001 Waterline Capital Project	(55,673)
Revenues (over) under expenditures	3,030,497
Reconciling items:	
Capitalized capital outlay	686,524
Capital assets transferred to Sewer Fund	(5,800,488)
Dedicated water lines	1,522,630
Change in payroll related accruals	(33,158)
Change in inventory level	(20,738)
Debt service	3,917,713
Depreciation and amortization	(1,891,378)
Increase in net assets	\$ 1,411,602

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL - WATER CAPITAL RESERVE
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
Investment earnings	\$ -	\$ 1,610	\$ 1,610	\$ 2,928
EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ 1,610	\$ 1,610	\$ 2,928

This schedule is included to show budgetary compliance.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - NORTHWEST WATER LINE PROJECT FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003

	Project budget	Prior years	Actual Current year	Total
REVENUES				
Other	\$ -	\$ 3,176	\$ -	\$ 3,176
EXPENDITURES				
Capital outlay - construction	<u>363,934</u>	<u>241,280</u>	<u>121,745</u>	<u>363,025</u>
REVENUES OVER (UNDER) EXPENDITURES	(363,934)	(238,104)	(121,745)	(359,849)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Special Revenue Funds	<u>363,934</u>	<u>238,104</u>	<u>121,745</u>	<u>359,849</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE: Upon completion of this capital project, the costs will be transferred to the Water Fund fixed assets.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 2002 WATERLINE CAPITAL PROJECT FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003**

	Project budget	Actual		Total
		Prior years	Current year	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay - construction	<u>1,487,885</u>	<u>-</u>	<u>78,943</u>	<u>78,943</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,487,885)	-	(78,943)	(78,943)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Special Revenue Funds	<u>1,487,885</u>	<u>-</u>	<u>74,860</u>	<u>74,860</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,083)</u>	<u>\$ (4,083)</u>

NOTE: Upon completion of this capital project, the costs will be transferred to the Water Fund fixed assets.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 2001 WATERLINE CAPITAL PROJECT FUND
 FROM PROJECT INCEPTION TO JUNE 30, 2003

	Project budget	Prior years	Actual Current year	Total
REVENUES				
Sales tax revenue	\$ -	\$ 56,291	\$ 617	\$ 56,908
EXPENDITURES				
Capital outlay - construction	<u>2,578,465</u>	<u>2,279,782</u>	<u>160,280</u>	<u>2,440,062</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,578,465)</u>	<u>(2,223,491)</u>	<u>(159,663)</u>	<u>(2,383,154)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Special Revenue Funds	<u>2,578,465</u>	<u>2,279,782</u>	<u>103,990</u>	<u>2,383,772</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 56,291</u>	<u>\$ (55,673)</u>	<u>\$ 618</u>

NOTE: Upon completion of this capital project, the costs will be transferred to the Water Fund fixed assets.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
 BELLSWAMP UPGRADE CAPITAL PROJECT FUND
 FROM PROJECT INCEPTION TO JUNE 30, 2003

	Project budget	Prior years	Actual Current year	Total
REVENUES				
Investment earnings	\$ -	\$ 117,271	\$ -	\$ 117,271
Restricted intergovernmental	413,336	275,547	62,500	338,047
Other	-	3,649	-	3,649
Total revenues	413,336	396,467	62,500	458,967
EXPENDITURES				
Capital outlay - construction	1,245,120	1,241,041	-	1,241,041
REVENUES OVER (UNDER) EXPENDITURES				
	(831,784)	(844,574)	62,500	(782,074)
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
Enterprise fund	(154,081)	(141,291)	(62,500)	(203,791)
Debt financing issued	985,865	985,865	-	985,865
Total other financing sources (uses)	831,784	844,574	(62,500)	782,074
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	\$ -	\$ -	\$ -	\$ -

NOTE: Upon completion of this capital project, the costs will be transferred to the Water Fund fixed assets.

COUNTY OF BRUNSWICK, NORTH CAROLINA
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance positive (negative)	Actual prior year
REVENUES				
User charges	\$ 854,444	\$ 697,099	\$ (157,345)	\$ 411,403
Investment earnings	4,000	1,858	(2,142)	3,998
Other	-	17,472	17,472	-
Total revenues	<u>858,444</u>	<u>716,429</u>	<u>(142,015)</u>	<u>415,401</u>
EXPENDITURES				
Salaries	244,658	247,193	(2,535)	132,906
Fringe benefits	88,065	87,063	1,002	43,705
Operating expenditures	550,036	378,092	171,944	176,581
Capital outlay	28,522	24,049	4,473	8,835
Total expenditures	<u>911,281</u>	<u>736,397</u>	<u>174,884</u>	<u>362,027</u>
REVENUES OVER (UNDER) EXPENDITURES	(52,837)	(19,968)	32,869	53,374
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	52,837	-	(52,837)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (19,968)</u>	<u>\$ (19,968)</u>	<u>\$ 17,135</u>

This schedule is included to show budgetary compliance.

RECONCILIATION TO NET INCOME

Revenues over (under) expenditures	\$ (19,968)
Countywide Regional Wastewater Fund	(742,495)
Northeast Brunswick Waste Water Facility Capital Pr	1,125,045
Reconciling item:	
Capitalized capital outlay	8,077,153
Capital assets transferred from Water Fund	5,800,488
Change in payroll related accruals	(10,658)
Depreciation	<u>(19,852)</u>
Increase in net assets	<u>\$ 14,209,713</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO
 ACTUAL - COUNTYWIDE REGIONAL WASTEWATER FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003**

	Project budget	Prior years	Actual Current year	Total
REVENUES				
Restricted intergovernmental	\$ 40,000	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay - construction	6,868,478	2,557,511	3,688,986	6,246,497
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,828,478)</u>	<u>(2,557,511)</u>	<u>(3,688,986)</u>	<u>(6,246,497)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out):				
General Fund	3,524,528	69,923	2,130,129	2,200,052
Special Revenue Funds	3,303,950	2,487,588	816,362	3,303,950
	<u>6,828,478</u>	<u>2,557,511</u>	<u>2,946,491</u>	<u>5,504,002</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (742,495)</u>	<u>\$ (742,495)</u>

NOTE: Upon completion of this capital project, the costs will be transferred to the Sewer Fund fixed assets.

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
NORTHEAST BRUNSWICK WASTE WATER FACILITY CAPITAL PROJECT FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2003

	Project budget	Prior years	Actual Current year	Total
REVENUES:				
Restricted intergovernmental	\$ 5,500,000	\$ 1,413,521	\$ 5,455,145	\$ 6,868,666
Other	10,480,620	115,223	72,467	187,690
Contributions from other local governmental entities	659,300	366,789	-	366,789
Total revenues	16,639,920	1,895,533	5,527,612	7,423,145
EXPENDITURES:				
Capital outlay - construction	18,102,587	6,494,068	4,402,567	10,896,635
REVENUES OVER (UNDER) EXPENDITURES	(1,462,667)	(4,598,535)	1,125,045	(3,473,490)
OTHER FINANCING SOURCES (USES):				
Transfers in (out):				
Special Revenue Funds	(404,803)	(404,803)	-	(404,803)
General Fund	1,867,470	1,867,470	-	1,867,470
	1,462,667	1,462,667	-	1,462,667
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (3,135,868)	\$ 1,125,045	\$ (2,010,823)

NOTE: Upon completion of this capital project, the costs will be transferred to the Sewer Fund fixed assets.

AGENCY FUNDS

Social Services Fund - This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

Smithville Township Fund - This fund accounts for the proceeds of the special hospital tax collected by the County on behalf of the citizens of Smithville Township.

Intergovernmental Collections Fund - This fund accounts for the proceeds of the motor vehicle taxes and other ad valorem taxes that are collected by the County on behalf of the municipalities within the County and for fines and forfeitures collected by the Clerk of Court which are remitted to the Brunswick County Schools.

Sheriff Department Trust Fund - This fund accounts for the proceeds of court ordered property sales necessary to satisfy a debt.

Brunswick County Hospital Authority - This fund accounts for monies held by Brunswick County for the Brunswick County Hospital Authority.

Family Self-Sufficiency Trust - This fund accounts for credits earned by HUD-Public Housing participants.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 52,214	\$ 111,237	\$ 131,598	\$ 31,853
Receivables - net	-	5,091	-	5,091
	<u>\$ 52,214</u>	<u>\$ 116,328</u>	<u>\$ 131,598</u>	<u>\$ 36,944</u>
Liabilities:				
Due to participants	\$ 52,214	\$ 116,328	\$ 131,598	\$ 36,944
	<u>\$ 52,214</u>	<u>\$ 116,328</u>	<u>\$ 131,598</u>	<u>\$ 36,944</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 548,404	\$ 14,427,132	\$ 3,608,006	\$ 11,367,530
Taxes receivable - net	11,694	1,320,544	1,320,700	11,538
	<u>\$ 560,098</u>	<u>\$ 15,747,676</u>	<u>\$ 4,928,706</u>	<u>\$ 11,379,068</u>
Liabilities:				
Other	\$ 11,699	\$ 1,320,128	\$ 1,320,284	\$ 11,543
Due to other governmental agencies	548,399	14,427,132	3,608,006	11,367,525
	<u>\$ 560,098</u>	<u>\$ 15,747,260</u>	<u>\$ 4,928,290</u>	<u>\$ 11,379,068</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	\$ 434,775	\$ 5,981,782	\$ 6,015,144	\$ 401,413
Taxes receivable - net	31,300	31,901	-	63,201
	<u>\$ 466,075</u>	<u>\$ 6,013,683</u>	<u>\$ 6,015,144</u>	<u>\$ 464,614</u>
Liabilities:				
Intergovernmental payable - Due to other governmental agencies	\$ 466,075	\$ 5,635,377	\$ 5,636,838	\$ 464,614

(Continued)

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003**

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	\$ (7,374)	\$ 210,259	\$ 202,885	\$ -
Receivables - net	<u>7,374</u>	<u>-</u>	<u>7,374</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 210,259</u>	<u>\$ 210,259</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 202,928</u>	<u>\$ 202,928</u>	<u>\$ -</u>
BRUNSWICK HOSPITAL AUTHORITY				
Assets:				
Cash, cash equivalents and investments	<u>\$ 73,512</u>	<u>\$ 800</u>	<u>\$ 2,781</u>	<u>\$ 71,531</u>
Liabilities:				
Due to component unit	<u>\$ 73,512</u>	<u>\$ 800</u>	<u>\$ 2,781</u>	<u>\$ 71,531</u>
FAMILY SELF-SUFFICIENCY TRUST				
Assets:				
Cash, cash equivalents and investments	<u>\$ -</u>	<u>\$ 28,822</u>	<u>\$ -</u>	<u>\$ 28,822</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 28,822</u>	<u>\$ -</u>	<u>\$ 28,822</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 1,101,531	\$ 20,760,032	\$ 9,960,414	\$ 11,901,149
Taxes receivable - net	42,994	1,352,445	1,320,700	74,739
Receivables - net	<u>7,374</u>	<u>5,091</u>	<u>7,374</u>	<u>5,091</u>
TOTAL	<u>\$ 1,151,899</u>	<u>\$ 22,117,568</u>	<u>\$ 11,288,488</u>	<u>\$ 11,980,979</u>
Liabilities:				
Accounts payable	\$ -	\$ 231,750	\$ 202,928	\$ 28,822
Due to participants	52,214	116,328	131,598	36,944
Due to other governmental agencies	1,014,474	20,062,509	9,244,844	11,832,139
Due to component unit	73,512	800	2,781	71,531
Other	<u>11,699</u>	<u>1,320,128</u>	<u>1,320,284</u>	<u>11,543</u>
TOTAL	<u>\$ 1,151,899</u>	<u>\$ 21,731,515</u>	<u>\$ 10,902,435</u>	<u>\$ 11,980,979</u>

COUNTY OF BRUNSWICK HOSPITAL AUTHORITY - A COMPONENT UNIT
COMPARATIVE BALANCE SHEET - GENERAL FUND
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ASSETS AND OTHER DEBITS		
Assets:		
Cash, cash equivalents and investments	\$ 48,869	\$ 47,152
Due from primary government	<u>71,531</u>	<u>73,512</u>
TOTAL	<u>\$ 120,400</u>	<u>\$ 120,664</u>
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities:		
Accounts payable	\$ -	\$ 1,223
Equity and other credits:		
Fund balances:		
Undesignated	<u>120,400</u>	<u>119,441</u>
TOTAL	<u>\$ 120,400</u>	<u>\$ 120,664</u>

COMPONENT UNIT FINANCIAL DATA

Brunswick County Hospital Authority (the "Authority"), a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Authority does not issue separate financial statements.

Comparative Balance Sheet - General Fund

Supplemental Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Schedule of Revenues and Expenditures - Budget and Actual and Changes in Fund Balance - General Fund

COUNTY OF BRUNSWICK HOSPITAL AUTHORITY - A COMPONENT UNIT
SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

REVENUES	
Investment earnings	\$ 2,513
EXPENDITURES	
General government	<u>1,554</u>
REVENUES OVER (UNDER) EXPENDITURES	959
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 959</u>

COUNTY OF BRUNSWICK HOSPITAL AUTHORITY - A COMPONENT UNIT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance positive (negative)	<u>Actual prior year</u>
REVENUES				
Investment earnings	\$ 2,951	\$ 2,513	\$ (438)	\$ 4,373
EXPENDITURES				
General government	<u>2,951</u>	<u>1,554</u>	<u>1,397</u>	<u>2,170</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	959	<u>\$ 959</u>	2,203
FUND BALANCE, BEGINNING OF YEAR		<u>119,441</u>		<u>117,238</u>
FUND BALANCE, END OF YEAR		<u>\$ 120,400</u>		<u>\$ 119,441</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND CLASS
 JUNE 30, 2003

	Land	Buildings and Improvements to land and buildings	Equipment and Vehicles	Construction In Progress	Total
General government:					
Governing body	\$ -	\$ 2,245,810	\$ 51,000	\$ -	\$ 2,296,810
Administration	660,146	21,816,056	67,653	86,137	22,629,992
Finance	-	-	46,231	-	46,231
Tax Admin/Appraisal	-	234,100	243,811	-	477,911
Tax collector	-	-	23,348	-	23,348
Geographic Information	-	-	138,874	-	138,874
Court facilities	-	67,303	155,399	15,773,551	15,996,253
Board of elections	-	-	753,633	-	753,633
Register of deeds	-	8,675	112,894	-	121,569
Total general government	<u>660,146</u>	<u>24,371,944</u>	<u>1,592,843</u>	<u>15,859,688</u>	<u>42,484,621</u>
Public safety:					
District attorney	-	-	92,201	-	92,201
Sheriff	-	968,368	2,839,038	231,741	4,039,147
Criminal justice	-	-	36,000	-	36,000
Detention center	-	38,655	-	-	38,655
Emergency management	-	-	1,283,950	-	1,283,950
Emergency medical	53,200	3,064,058	1,543,430	-	4,660,688
Inspections	-	-	119,518	-	119,518
Central communication	-	683,629	336,559	-	1,020,188
Total central services	<u>53,200</u>	<u>4,754,710</u>	<u>6,250,696</u>	<u>231,741</u>	<u>11,290,347</u>
Central services:					
Data processing	-	24,535	558,801	-	583,336
Service Ctr/Garage	-	927,370	602,213	-	1,529,583
Housekeeping/Grounds	-	13,244	112,616	-	125,860
Engineer services	-	327,476	42,594	-	370,070
Operation services	-	573,081	2,179,567	427,326	3,179,974
Cafeteria	-	-	11,000	-	11,000
Total central services	<u>-</u>	<u>1,865,706</u>	<u>3,506,791</u>	<u>427,326</u>	<u>5,799,823</u>

(Continued)

COUNTY OF BRUNSWICK, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND CLASS
 JUNE 30, 2003

	Land	Buildings and Improvements to land and buildings	Equipment and Vehicles	Construction In Progress	Total
Human services:					
Health	\$ 196,493	\$ 2,402,162	\$ 1,082,812	\$ -	3,681,467
Animal control	-	726,461	97,631	-	824,092
Social services	-	374,242	532,347	-	906,589
Total human services	<u>196,493</u>	<u>3,502,865</u>	<u>1,712,790</u>	<u>-</u>	<u>5,412,148</u>
Environmental protection:					
Solid waste	1,121,861	2,106,733	485,400	-	3,713,994
Landfill closure	-	-	-	1,704,228	1,704,228
Total environmental	<u>1,121,861</u>	<u>2,106,733</u>	<u>485,400</u>	<u>1,704,228</u>	<u>5,418,222</u>
Economic and physical development:					
Planning	-	223,000	105,508	-	328,508
Agriculture extension	-	3,755,787	145,923	-	3,901,710
Public housing	-	-	43,008	-	43,008
Total economic and physical	<u>-</u>	<u>3,978,787</u>	<u>294,439</u>	<u>-</u>	<u>4,273,226</u>
Education	-	-	-	8,797,300	8,797,300
Culture and recreation:					
Library	367,680	287,110	762,266	-	1,417,056
Parks and recreation	806,604	4,506,620	480,462	-	5,793,686
Total cultural and recreation	<u>1,174,284</u>	<u>4,793,730</u>	<u>1,242,728</u>	<u>-</u>	<u>7,210,742</u>
 Total general fixed assets	 <u>\$ 3,205,984</u>	 <u>\$ 45,374,475</u>	 <u>\$ 15,085,687</u>	 <u>\$ 27,020,283</u>	 <u>\$ 90,686,429</u>

(Continued)

**BRUNSWICK COUNTY, NORTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2003**

	Balance June 30, 2002	Additions	Retirements	Transfers	Balance June 30, 2003
General government:					
Governing body	\$ 2,296,810	\$ -	\$ -	\$ -	\$ 2,296,810
Administration	22,562,255	-	18,400	-	22,543,855
Finance	35,599	10,632	-	-	46,231
Tax administration/appraisal	477,911	-	-	-	477,911
Tax collector	23,348	-	-	-	23,348
Geographic Information	143,890	8,450	13,466	-	138,874
Court facilities	222,702	-	-	-	222,702
Board of elections	753,633	-	-	-	753,633
Register of deeds	114,729	6,840	-	-	121,569
Total general government	<u>26,630,877</u>	<u>25,922</u>	<u>31,866</u>	<u>-</u>	<u>26,624,933</u>
Central services:					
Data processing	468,722	114,614	-	-	583,336
Service Ctr/Garage	1,500,406	29,177	-	-	1,529,583
Housekeeping/Grounds	125,860	-	-	-	125,860
Engineer services	349,011	21,059	-	-	370,070
Operation services	2,409,239	354,409	11,000	-	2,752,648
Cafeteria	11,000	-	-	-	11,000
Total central services	<u>4,864,238</u>	<u>519,259</u>	<u>11,000</u>	<u>-</u>	<u>5,372,497</u>
Public safety:					
District attorney	92,201	-	-	-	92,201
Sheriff	3,519,541	344,510	56,645	-	3,807,406
Criminal justice	36,000	-	-	-	36,000
Detention center	38,655	-	-	-	38,655
Emergency management	1,246,984	36,966	-	-	1,283,950
Emergency medical	4,548,023	169,042	56,377	-	4,660,688
Inspections	119,518	-	-	-	119,518
Central Communications	764,085	256,103	-	-	1,020,188
Total public safety	<u>10,365,007</u>	<u>806,621</u>	<u>113,022</u>	<u>-</u>	<u>11,058,606</u>

(Continued)

BRUNSWICK COUNTY, NORTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2003

	Balance June 30, 2002	Additions	Retirements	Transfers	Balance June 30, 2003
Environmental protection:					
Solid Waste	\$ 3,651,543	\$ 62,451	\$ -	\$ -	\$ 3,713,994
Economic and physical development:					
Planning	312,575	15,933	-	-	328,508
Agriculture extension	3,902,261	18,563	19,113	-	3,901,711
Public housing	28,132	14,876	-	-	43,008
Total economic and physical development	<u>4,242,968</u>	<u>49,372</u>	<u>19,113</u>	<u>-</u>	<u>4,273,227</u>
Human services:					
Health	3,590,326	91,141	-	-	3,681,467
Animal control	812,866	11,226	-	-	824,092
Social services and older adults	871,839	34,750	-	-	906,589
Total human services	<u>5,275,031</u>	<u>137,117</u>	<u>-</u>	<u>-</u>	<u>5,412,148</u>
Culture and recreation:					
Library	1,326,073	90,983	-	-	1,417,056
Parks and recreation	5,446,887	346,798	-	-	5,793,685
Total culture and recreation	<u>6,772,960</u>	<u>437,781</u>	<u>-</u>	<u>-</u>	<u>7,210,741</u>
Construction in progress	<u>25,608,676</u>	<u>1,411,607</u>	<u>-</u>	<u>-</u>	<u>27,020,283</u>
Total general fixed assets	<u>\$ 87,411,300</u>	<u>\$ 3,450,130</u>	<u>\$ 175,001</u>	<u>\$ -</u>	<u>\$ 90,686,429</u>

(Continued)

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

Fiscal Year	Uncollected balance June 30, 2002	Additions	Collections and credits	Uncollected balance June 30, 2003
		\$ 63,391,002	59,851,207	3,539,795
2001-02	3,128,520	-	1,611,500	1,517,020
2000-01	1,147,635	-	407,649	739,986
1999-00	609,879	-	148,971	460,908
1998-99	409,580	-	72,567	337,013
1997-98	324,161	-	48,692	275,469
1996-97	260,101	-	38,135	221,966
1995-96	184,986	-	24,751	160,235
1994-95	141,566	-	13,938	127,628
1993-94	129,757	-	9,574	120,183
1992-93	97,963	-	97,963	-
	<u>\$ 6,434,148</u>	<u>\$ -</u>	<u>\$ 62,324,947</u>	7,500,203
Less allowance for uncollected taxes receivable General Fund				<u>3,783,834</u>
Ad valorem taxes receivable (net)				<u>\$ 3,716,369</u>
Reconcilement with revenues: Ad valorem taxes - General Fund				\$ 62,753,365
Reconciling items:				
Interest collected and penalties				(568,660)
Releases on prior year tax				142,699
Collection of taxes previously written off				<u>(2,457)</u>
Total collections and credits				<u>\$ 62,324,947</u>

**COUNTY OF BRUNSWICK, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE, 30, 2003**

	County-wide		Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate		
Original levy excluding registered vehicles	\$ 10,073,253,686	0.59%	\$ 59,686,323	\$ 59,686,323
Registered motor vehicles	634,169,592		3,743,967	-
Penalties	-		99,728	99,728
Total	10,707,423,278		63,530,018	59,786,051
Discoveries	8,394,125		53,323	53,323
Abatements	(32,462,267)		(192,339)	(168,009)
Total valuation	\$ 10,683,355,136			
Net levy			63,391,002	59,671,365
Less uncollected taxes at June 30, 2003			3,539,795	2,623,447
Current year's taxes collected			\$ 59,851,207	\$ 57,047,918
Current levy collection percentage			94.42%	95.60%

STATISTICAL SECTION

This section includes trend data and nonfinancial information useful in assessing the County's financial condition.

General governmental expenditures by function (unaudited)

General governmental revenues by source (unaudited)

Property tax levies and collections - General Fund (unaudited)

Assessed value of taxable property (unaudited)

Property tax rates - direct and all overlapping governments (unaudited)

Ratio of net general obligation bonded debt to assessed value and net general obligation bonded debt per capita (unaudited)

Computation of legal debt margin (unaudited)

Ratio of annual debt service expenditures for general obligation bonded debt to total general governmental expenditures (unaudited)

Computation of direct and underlying debt (unaudited)

Demographic statistics (unaudited)

Property value, construction, and bank deposits (unaudited)

Ten largest taxpayers (unaudited)

Ten largest employers (unaudited)

Miscellaneous statistics (unaudited)

COUNTY OF BRUNSWICK, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION¹ (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Government	Public Safety ²	Central Services	Environmental Protection	Economic and Physical Development	Human Services	Cultural and Recreational	Education	Capital Projects ³	Debt Service	Total
1994	\$ 3,953,022	\$ 5,225,518	\$ 3,792,747	\$ 1,438,555	\$ 2,273,106	\$ 8,879,589	\$ 1,358,136	\$ 10,343,428	\$ 3,777,250	\$ 2,306,707	\$ 43,348,058
1995	4,478,836	5,872,219	4,381,395	1,260,537	2,477,747	10,756,947	1,769,845	11,369,304	3,672,315	3,417,201	49,456,346
1996	4,492,611	7,061,328	4,365,402	3,119,015	3,076,593	10,918,164	1,961,539	13,785,932	8,003,541	4,135,339	60,919,464
1997	5,065,588	7,675,104	5,310,061	4,024,655	2,770,780	11,741,814	2,403,171	14,406,165	3,846,281	4,099,694	61,343,313
1998	4,986,932	8,889,465	4,710,342	4,377,978	2,849,152	13,099,567	2,050,548	15,304,355	5,527,644	3,619,275	65,415,258
1999	6,659,971	9,446,771	5,388,536	8,075,668	3,602,267	13,969,975	2,102,362	16,650,322	14,395,011	4,654,411	84,945,294
2000	5,923,844	11,594,574	5,772,999	7,894,033	4,257,642	17,604,712	2,201,201	18,811,801	11,220,106	4,624,214	89,905,126
2001	6,507,510	11,734,944	6,403,783	8,676,632	4,135,863	17,689,885	2,674,561	21,299,792	17,666,126	6,573,411	103,362,507
2002	7,049,042	12,347,137	6,580,556	8,814,119	5,918,830	18,835,128	2,667,069	20,913,994	33,997,817	8,912,663	126,036,355
2003	8,719,712	13,480,390	7,282,407	9,262,908	8,122,029	19,113,587	2,804,605	43,163,940	-	8,600,773	120,550,351

Notes:

¹ Includes General, Special Revenue, and Capital Projects Funds.

² Material change in expenditures beginning in 1996 is due to implementation of countywide emergency medical services.

³ Beginning with 2002-03, the County allocated its capital project expenditures to other functional areas.

COUNTY OF BRUNSWICK, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE¹ (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Tax	Other Taxes and Licenses	Intergovernmental Revenues	Permits and Fees	Sales and Service	Investment Earnings	Miscellaneous	Total
1994	\$ 30,763,363	\$ 7,207,598	\$ 781,365	\$ 7,727,980	\$ 564,185	\$ 688,404	\$ 1,116,939	\$ 760,463	\$ 49,610,297
1995	34,573,600	7,962,981	929,756	10,339,185	545,783	863,814	2,195,050	1,232,434	58,642,603
1996	40,403,243	8,675,753	1,023,445	9,481,445	776,917	870,366	2,639,635	1,317,501	65,188,305
1997	42,384,960	9,306,734	1,216,327	10,559,344	943,805	1,316,107	2,647,929	1,353,148	69,728,354
1998	44,837,765	10,153,856	1,948,718	12,199,473	1,018,612	1,585,460	2,909,565	1,093,572	75,747,021
1999	45,270,251	10,897,732	2,537,619	18,218,757	2,128,904	1,692,387	3,117,442	1,669,855	85,532,947
2000	52,822,490	11,664,082	3,075,721	17,257,819	2,618,547	1,524,456	3,559,505	1,450,336	93,972,956
2001	55,689,742	12,233,671	2,599,983	13,675,409	2,566,947	1,557,769	4,907,985	2,462,691	95,694,197
2002	60,982,737	12,645,932	3,246,897	14,435,559	2,736,242	2,139,248	2,355,520	1,831,837	100,373,972
2003	62,753,365	14,157,057	3,762,464	17,474,484	3,622,045	2,321,659	976,947	2,227,231	107,295,252

Notes:

¹ Includes General, Special Revenue, and Capital Projects Funds.

COUNTY OF BRUNSWICK, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1994	\$ 30,816,008	\$ 29,432,935	95.5%	\$ 1,127,882	\$ 30,560,817	99.2%	\$ 3,651,515	11.8%
1995	34,760,155	33,235,387	95.6%	1,136,185	34,371,572	98.9%	4,040,098	11.6%
1996	40,595,417	38,785,278	95.5%	1,355,516	40,140,794	98.9%	4,494,721	11.1%
1997	42,320,608	40,455,506	95.6%	1,617,574	42,073,080	99.4%	4,776,757	11.3%
1998	44,745,412	42,806,888	95.7%	1,666,850	44,473,738	99.4%	5,048,431	11.3%
1999	45,090,191	43,055,915	95.5%	1,934,181	44,990,096	99.8%	5,148,526	11.4%
2000	52,963,804	50,565,486	95.5%	1,930,915	52,496,401	99.1%	5,615,929	10.6%
2001	55,576,580	53,047,566	95.4%	2,185,221	55,232,787	99.4%	5,959,722	10.7%
2002	61,214,433	58,085,913	94.9%	2,654,094	60,740,007	99.2%	6,434,148	10.5%
2003	63,391,002	59,851,207	94.4%	2,473,772	62,324,979	98.3%	7,500,173	11.8%

Note: This schedule includes data from only the General Fund countywide property tax levy.

COUNTY OF BRUNSWICK, NORTH CAROLINA
ASSESSED VALUE OF TAXABLE PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Real Property	Personal Property (000's omitted)	Public Service Company Property	Total Assessed Value
1994	\$ 2,429,869	\$ 1,176,887	\$ 908,526	\$ 4,515,282
1995	3,817,064	760,263	1,176,667	5,753,994
1996	3,946,148	846,899	1,161,703	5,954,750
1997	4,091,188	893,177	1,198,299	6,182,664
1998	4,273,279	1,068,735	1,189,303	6,531,317
1999	4,566,762	1,087,437	929,656	6,583,855
2000	7,292,078	1,157,556	1,113,998	9,563,632
2001	7,574,989	1,155,889	1,104,921	9,835,799
2002	8,037,945	1,170,467	1,128,002	10,336,414
2003	8,419,587	1,121,520	1,142,249	10,683,356

Note: Assessed valuations as established by the Board of County Commissioners at 100 percent of estimated revenues market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed in 1999.

COUNTY OF BRUNSWICK, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (UNAUDITED)
(Per \$100.00 of Assessed Value)
LAST TEN LEVY YEARS

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
County:										
Brunswick	\$ 0.5200	\$ 0.5925	\$ 0.5925	\$ 0.5650	\$ 0.5500	\$ 0.6850	\$ 0.6850	\$ 0.6850	\$ 0.5850	\$ 0.6800
Municipalities:										
Village of Bald Head Island	0.4650	0.6350	0.6350	0.6350	0.6350	0.8150	0.6750	0.5800	0.5800	0.4900
Town of Belville	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500	0.1500
Town of Boiling Springs Lakes	0.2500	0.2500	0.2500	0.2500	0.2500	0.3500	0.3500	0.3500	0.3000	0.3000
Town of Bolivia	0.0600	0.0600	0.0600	0.0600	0.0600	0.1500	0.2500	0.2500	0.2500	0.2200
Town of Calabash	0.1000	0.0600	0.0600	0.0600	0.0600	0.0600	0.0700	0.0850	0.0850	0.0850
Town of Carolina Shores	0.0800	0.0800	0.0600	0.0600	0.0600	0.0600				
Town of Caswell Beach	0.2100	0.2700	0.2400	0.2400	0.3800	0.2400	0.2100	0.1800	0.1850	0.1800
Town of Holden Beach	0.1800	0.1900	0.1900	0.1900	0.1900	0.2000	0.2000	0.1100	0.1100	0.1100
Town of Leland	0.1800	0.1800	0.1800	0.1800	0.1800	0.1800	0.1500	0.1500	0.0500	0.0500
Town of Long Beach	*	*	*	*	*	0.4200	0.3900	0.3900	0.3600	0.3600
Town of Navassa	0.2500	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.2500	0.2500
Town of Northwest	0.2000	0.2000	0.2000	0.1700	0.1700	0.2000	0.2000	0.2000	0.2000	0.2000
Town of Oak Island	0.3650	0.3800	0.3800	0.3400	0.3400					
Town of Ocean Isle Beach	0.1600	0.1600	0.1400	0.1400	0.1400	0.1700	0.1700	0.1700	0.1700	0.1700
Town of Sandy Creek	0.3500	0.1000	0.3500	0.2500	0.2000	0.3000	0.3000	0.3000	0.3000	0.3000
Town of Shallotte	0.2900	0.3100	0.3100	0.2700	0.2400	0.3450	0.3650	0.3650	0.3250	0.3250
Town of St. James Plantation	0.0700	0.1000	0.1000	0.1000	0.1000					
Town of Southport	0.3300	0.4000	0.4000	0.4300	0.4900	0.5300	0.5300	0.5300	0.5300	0.5300
Town of Sunset Beach	0.1200	0.0900	0.0950	0.0950	0.0950	0.1350	0.1350	0.1350	0.1350	0.1350
Town of Varnantown	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Town of Yaupon Beach	*	*	*	*	*	0.3750	0.3750	0.3050	0.3050	0.3000
Other Districts: ³										
North Brunswick Sanitary District	NA									
Southeastern Sanitary District	0.0000	0.0500	0.1500	0.2000	0.2250	0.3000	NA	NA	NA	NA
South Brunswick Water & Sewer Authority	NA									
Smithville Township	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400	0.0400

Notes:

¹ Property was revalued in 2003.

² The property tax rates for each of the governments listed above are based unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.

³ The North Brunswick Sanitary District and South Brunswick Water & Sewer Authority have not enacted property taxes as June 30, 2003. The Smithville Township is a hospital district. The levy collected is specific for debt retirement.

* The Town of Long Beach and Yaupon Beach consolidated into the Town of Oak Island effective July 1, 1999.

Source: General Purpose Financial Statements and/or Brunswick County Tax Department.

COUNTY OF BRUNSWICK, NORTH CAROLINA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL
OBLIGATION BONDED DEBT PER CAPITA (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Assessed Value (000's omitted)	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	Population ¹	Net General Obligation Bonded Debt per Capita
1994	\$ 4,515,281	\$ 40,930,000	\$ 27,049,553	\$ 13,880,447	0.3%	59,591	\$ 232.93
1995	5,753,994	37,345,000	25,051,651	12,293,349	0.2%	61,667	199.35
1996	5,954,750	33,825,000	23,113,422	10,711,578	0.2%	63,803	167.89
1997	6,182,663	30,365,000	21,185,083	9,179,917	0.1%	65,938	139.22
1998	6,531,317	26,805,000	18,418,253	8,386,747	0.1%	68,074	123.20
1999	6,583,855	23,395,000	16,269,157	7,125,843	0.1%	70,813	100.63
2000	9,563,632	33,010,000	14,208,120	18,801,880	0.2%	70,813	265.51
2001	9,835,799	67,475,000	11,693,829	55,781,171	0.6%	75,563	738.21
2002	10,336,414	62,885,000	9,210,372	53,674,628	0.5%	78,822	680.96
2003	10,683,356	76,725,000	6,802,286	69,922,714	0.7%	80,751	865.91

Notes:

¹Planning Department of this entity.

COUNTY OF BRUNSWICK, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
JUNE 30, 2003

Assessed value of taxable property	\$ 10,683,355,136
	<u>x 0.08</u>
Debt limit - 8 percent of assessed value	<u>854,668,411</u>
Gross debt:	
Total bonded debt	76,725,000
Total certificates of participation	14,600,000
Total installment purchases	<u>6,535,334</u>
Gross debt	97,860,334
Less: water and sewer debt	<u>7,456,899</u>
Total amount of debt applicable to debt limit (net debt)	<u>90,403,435</u>
Legal debt margin	<u>\$ 764,264,976</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED
DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1994	\$ 830,375	\$ 897,195	\$ 1,727,570	\$ 43,348,058	4.0%
1995	1,598,180	670,785	2,268,965	49,456,346	4.6%
1996	1,581,770	585,635	2,167,405	60,919,464	3.6%
1997	1,531,665	460,450	1,992,115	61,343,313	3.2%
1998	793,170	424,060	1,217,230	65,415,258	1.9%
1999	1,260,904	381,471	1,642,375	84,945,294	1.9%
2000	1,323,963	996,996	2,320,959	89,905,126	2.6%
2001	1,320,709	996,996	2,317,705	103,362,507	2.2%
2002	2,106,543	2,742,306	4,848,849	126,036,355	3.8%
2003	2,071,914	2,650,224	4,722,138	120,550,351	3.9%

Note: Expenditures include all governmental type funds.

Source: Audited general purpose financial statements of this entity.

COUNTY OF BRUNSWICK, NORTH CAROLINA
COMPUTATION OF DIRECT AND UNDERLYING DEBT (UNAUDITED)
GENERAL OBLIGATION BONDS
JUNE 30, 2003

	<u>Net General Obligation Bonded Debt ¹</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Brunswick County	\$ 76,725,000	100%	\$ 76,725,000
Underlying Debt:			
City of Navassa	<u>50,848</u>	100%	<u>50,848</u>
Totals	<u>\$ 76,775,848</u>		<u>\$ 76,775,848</u>

Note:

¹Excluding general obligation bonds reported in the Enterprise Funds.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
 DEMOGRAPHIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Population ¹	Per Capita Income ⁴	Median Age ⁴	School Enrollment ³	Unemployment Rate ²
1994	59,591	\$ 16,029	39.2	8,743	10.4%
1995	61,667	16,628	39.7	8,885	8.7%
1996	63,803	17,305	40.2	9,056	7.2%
1997	65,938	17,978	40.7	9,460	5.2%
1998	68,074	19,731	41.2	9,745	5.1%
1999	69,453	20,178	41.8	9,694	4.1%
2000	70,813	20,507	42.3	10,256	4.6%
2001	75,563	21,707	42.5	10,510	5.4%
2002	78,822	23,046	42.8	10,318	6.1%
2003	80,751	23,714	43.2	10,614	6.4%

Notes:

¹Brunswick County Planning Department

²Brunswick County Economic Development Commission

³Brunswick County School System

⁴State Data Center

COUNTY OF BRUNSWICK, NORTH CAROLINA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Commercial Construction ²		Residential Construction ²		Bank Deposits ³ (000's omitted)	Property Value ¹		Total (000's omitted)
	Number of Units	Value (000's omitted)	Number of Units	Value (000's omitted)		Commercial (000's omitted)	Residential (000's omitted)	
1994	23	\$ 6,900	146	\$ 11,400	\$ 483,827	\$ 1,858,940	\$ 2,656,342	\$ 4,515,282
1995	36	6,700	226	21,800	534,039	3,484,045	2,269,949	5,753,994
1996	50	9,300	316	27,800	572,990	2,294,988	3,659,762	5,954,750
1997	102	15,500	486	32,700	608,974	2,351,795	3,830,859	6,182,654
1998	110	16,300	524	40,000	658,182	2,376,983	4,174,097	6,551,080
1999	187	12,350	704	60,260	704,672	2,205,548	4,378,307	6,583,855
2000	227	26,970	788	122,830	752,000	2,962,959	6,600,673	9,563,632
2001	268	23,269	783	113,925	812,000	3,047,130	6,788,669	9,835,799
2002	292	22,965	848	115,376	887,000	3,101,515	7,237,899	10,339,414
2003	400	47,672	1,155	137,653	N/A	3,095,687	7,587,669	10,683,356

Notes:

¹Source: Brunswick County Tax Department

²Source: Brunswick County Building Inspections Department

³Source: N. C. State Banking Commission

COUNTY OF BRUNSWICK, NORTH CAROLINA
TEN LARGEST TAXPAYERS (UNAUDITED)
JUNE 30, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	2003 Assessed Valuation (000's omitted)	Percentage of Total Assessed Valuation
Carolina Power & Light Company	Utility	\$ 872,861,522	8.87%
Ocean Isle Development Company	Developer	214,689,720	2.18%
N. C. Eastern Municipal Power Agency	Utility	185,834,794	1.89%
Bald Head Island Limited	Developer	134,866,440	1.37%
DAK LLC	Chemicals	132,107,463	1.34%
Archer Daniels Midland Company	Chemicals	93,455,202	0.95%
Brunswick Electric Membership Corporation	Utility	90,780,548	0.92%
Ocean Ridge	Developer	68,623,830	0.70%
Odell Williamson	Developer	48,509,030	0.49%
Sea Trail Corporation	Developer	<u>40,116,130</u>	<u>0.41%</u>
		<u>\$ 1,881,844,679</u>	<u>19.12%</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
TEN LARGEST EMPLOYERS (UNAUDITED)
JUNE 30, 2003

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Brunswick County Board of Education	Education	1,791
Progress Energy	Power Generation	1,000
Brunswick County	Local Government	800
DAK Americas	Dacron Polyester Fiber	750
Brunswick Community Hospital	Medical Care Facility	350
Dosher Memorial Hospital	Medical Care Facility	300
Sunny Point Military Terminal	Military	227
Rampage	Yacht Manufacture	225
Victaulic Company of America	Pipe Fittings, Seals & Sprinkler Heads	200
Archer Daniels Midland Company	Citric Acid	150

Source: Brunswick County Economic Development Commission

COUNTY OF BRUNSWICK, NORTH CAROLINA
MISCELLANEOUS STATISTICS (UNAUDITED)
JUNE 30, 2003

Date of establishment	1764
Form of government	Commissioner--Manager
Employees:	
Full-time, permanent	668
Other	69
Area	896 square miles
Government facilities and services:	
Miles of Streets ¹	814
Number of traffic lights ¹	39
Culture and recreational:	
Community Centers	7
Parks	10
Golf Courses	38
Museums	2
Libraries (branches)	4
Fire protection:	
Number of stations	25
Number of firemen and officers	707
Number of calls answered	5,086
Number of inspections conducted	1,018
Law enforcement protection:	
Number of stations	15
Number of policemen and officers	210
Number of patrol units	150
Water Department:	
Number of customers	15,819
Average daily consumption (in gallons)	9,613,710
Miles of water mains	565.0
Facilities and services not included in the reporting entity:	
Hospitals: ²	
Number of hospitals	2
Number of patient beds	96
Education: ³	
Number of schools	16
Number of teachers	792
Number of students	10,614

¹Source: North Carolina Department of Transportation

²Source: Doshier Hospital and Columbia/Brunswick Hospital

³Source: Brunswick County Board of Education

Independent Auditors' Report on Compliance and on Internal Control Reporting Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

We have audited the basic financial statements of the County of Brunswick, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 2, 2003. We did not audit the financial statements of the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority or the Brunswick County Airport Commission. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for the Brunswick County Board of Alcoholic Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Brunswick County Hospital Authority, were not audited in accordance with *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the County of Brunswick's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Brunswick's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 2, 2003

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2003. The County of Brunswick's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the County of Brunswick's management. Our responsibility is to express an opinion on the County of Brunswick's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Brunswick's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Brunswick's compliance with those requirements.

As described in item 2003-1 in the accompanying schedule of findings and questioned costs the County of Brunswick did not comply with requirements regarding the preparation of the DSS-1571 that are applicable to major programs within the Division of Social Services. Compliance with such requirements is necessary, in our opinion, for the County of Brunswick to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Brunswick complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the County of Brunswick is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the County of Brunswick's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Brunswick's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used any anyone other than these specified parties.

October 2, 2003

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 and the State Single Audit Implementation Act

Board of Commissioners
County of Brunswick
Bolivia, North Carolina

Compliance

We have audited the compliance of the County of Brunswick, North Carolina with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major State programs for the year ended June 30, 2003. Brunswick County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Brunswick County's management. Our responsibility is to express an opinion on Brunswick County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Brunswick County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Brunswick County's compliance with those requirements.

In our opinion, Brunswick County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Brunswick County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Brunswick County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information of the audit committee, management, and others within the organization, members of the County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used any anyone other than these specified parties.

October 2, 2003

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified	No
• Reportable condition(s) identified that are not considered to be material weaknesses	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified	No
• Reportable condition(s) identified that are not considered to be material weaknesses	Yes
Noncompliance material to federal awards	No
Type of auditors' report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	Yes

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Choice Voucher Program
93.575, 93.596, 93.667, 93.558	Subsidized Child Care Program (Cluster)
93.778	Medicaid
93.568	Low-Income Home Energy Assistance Block Grant
93.658	Title IV-E Assistance Program: Foster Care

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$1,766,312</u>
Auditee qualified as low-risk auditee?	No

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified No
- Reportable condition(s) identified that are not considered to be material weaknesses No

Noncompliance material to State awards No

Type of auditors' report issued on compliance for major State programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act No

Identification of major State programs:

Program Name

Special Assistance for Adults/ Special Assistance to the Disabled
Crisis Housing
Clean Water Revolving Loan NE Brunswick WWTP
Clean Water Bond Grant NE Brunswick WWTP
State Airport Aid – Runway Expansion – Land Acquisition

Section II - Financial Statements Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

Reportable Condition

2003 - 1

Criteria: In accordance with the Division of Social Services Fiscal Manual, day sheets should account for 100% of employee time, program codes and activity codes should be summarized correctly, and day sheet summaries should be transferred to the DSS-1571, Part I accurately.

Condition: Two out of thirteen employees tested had different day sheet totals compared to the 1571 summary report. Day sheets for five out of thirteen employees tested did not represent 100% of the employee's time.

Section III - Federal Award Findings and Questioned Costs (Continued)

Effect: The County may not have requested reimbursement for some allowable costs, requested an incorrect amount of reimbursement for allowable costs, or incorrectly submitted program code and activity code summaries.

Cause: There is a lack of formal review procedures related to the preparation of the DSS-1571.

Questioned Costs: The finding represents an internal control issue, therefore no question cost is applicable.

Recommendation: We recommend that the County DSS implement a formal review process in order to reduce the number of errors on the DSS-1571.

Management Response: We concur with the finding.

Section IV - State Award Findings and Questioned Costs

None reported.

Section I - Financial Statements Findings

None Reported.

Section II - Federal Award Findings and Questioned Costs

Reportable Condition

2003 – 1

Name of Contact Person: Jamie Orrock, Director of Department of Social Services

Corrective Action: The director of Brunswick County's Department of Social Services sent a memo to all appropriate supervisors reminding them that they are responsible for insuring that all day sheets reflect correct information and that the day sheets and time cards must add up to the same number of minutes.

Proposed Completion Date: Immediately

Section III - State Award Findings and Questioned Costs

None Reported.

**COUNTY OF BRUNSWICK, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

Finding: 2002 -1: Appropriate County employees are aware of the basic requirements of *The Local Government Budget and Fiscal Control Act* and adequate internal controls are in place and functioning regarding the County's depository accounts.

Noncompliance, Reportable Condition

Status: Appears to have been corrected.

Finding: 2002 -2: Timely posting of revenues, billings for services rendered and reconciliation of control account to the general ledger.

Material Weakness

Status: Appears to have been corrected.

Finding: 2002-3: The Hospital Authority should adopt and maintain an annual balanced budget ordinance.

Noncompliance, Reportable Condition

Status: Appears to have been corrected.

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS:					
U.S. Department of Health & Human Services					
Administration on Aging					
Passed-through Cape Fear Council of Governments:					
Special Programs for the Aging – Title III B					
Grants for Supportive Services and Senior Centers	93.044		\$ 412,483	\$ -	\$ 45,845
Special Programs for the Aging – Title III C					
Nutritional Services	93.045		192,139	-	-
Passed-through the N.C. Department of Health and Human Resources:					
Division of Social Services:					
Administration:					
Temporary Assistance for Needy Families	93.558		655,769	6,879	735,764
Low-income Home Energy Assistance Block Grant	93.568		129,705	-	-
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		1,310,214	(278)	374
Administration and Direct:					
Child Support Enforcement	93.563		534,030	-	274,403
Permanency Planning: Child Welfare Services	93.645		31,022	7,355	2,986
Child Care Development fund	93.596		83,730	-	-
State Children's Insurance Program - NC Health Choice	93.767		19,561	3,672	3,348
Independent Living Initiative	93.674		9,876	2,469	-
Title IV-E Assistance Program:					
Foster Care	93.658		148,219	55,484	57,899
Adoption Assistance	93.659		247,494	76,509	76,509
Social Services Block Grant	93.667		175,490	19,568	56,117
Division of Medical Assistance:					
Administration:					
Title XIX – Medicaid	93.778		610,207	33,496	533,017
Direct Benefit Payments					
Title XIX – Medicaid	93.778		40,921,859	21,136,229	3,677,740
Division of Child Development:					
Subsidized Day Care Cluster:					
Social Services Block Grant	93.667		8,816	-	-
Child Care Development Block Grant	93.575		808,720	-	-
Child Care Development Fund	93.596		881,574	222,482	-
Temporary Assistance for Needy Families:					
Child Care	93.558		187,226	-	-
Maintenance of Effort			-	273,194	-
Smart Start/State Funding			-	597,155	-
Total Subsidized Daycare			<u>1,886,336</u>	<u>1,092,831</u>	<u>-</u>
Division of Public Health:					
CDC – Immunization Grants	93.268		18,495	-	16,812
Comp. Breast & Cervical Cancer	93.919		18,212	-	4,558
Preventative Health & Health Services Block Grant	93.991		21,662	-	-
Maternal and Child Health Program	93.994		198,269	-	58,638
Temporary Assistance for Needy Families	93.558		4,933	-	-
Family Planning	93.217		9,570	-	63,177
Bioterrorism Grant	93.283		29,104	-	-
Total U.S. Department of Health and Human Services			<u>47,668,379</u>	<u>22,434,214</u>	<u>5,607,187</u>
U.S. Department of Housing and Urban Development:					
Direct Benefits:					
Housing Choice Voucher Program	14.871		2,201,610	-	-
Passed-through N.C. Housing Finance Agency:					
Affordable Housing Project	14.239		8,440	-	-
Passed-through N.C. Department of Commerce					
CDBG - Community Revitalization	14.228		917	-	-
CDBG - KCS Water/Sewer Improvement	14.246		3,779	-	-
Total U.S. Department of Housing and Urban Development			<u>2,214,746</u>	<u>-</u>	<u>-</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-through Grantor's Number	Fed. (Direct & Pass-through Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS: (Continued)					
Office of Ocean and Coastal Resource Management, National Oceanic and Atmospheric Administration Passed-through the N.C. Department of Environment, Health and Natural Resources:					
Coastal Zone Management Administration Award	11.419	SO 3061	\$ 13,000	\$ -	\$ -
U.S. Department of Agriculture					
Passed-through N.C. Department of Social Services: Division of Social Services:					
Food Stamp Cluster:					
Administration:					
State Administrative Matching Grants for the Food Stamp Program	10.561		368,708	-	368,708
Direct Benefit Payments:					
Food Stamp Program	10.551		5,873,648	-	-
Passed-through N.C. State University					
New Communities Project	10.500		37,453	-	-
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplement Food Program for Women, Infants and Children	10.557		214,481	-	91,384
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants and Children	10.557		1,149,452	-	-
Total U.S. Department of Agriculture			<u>7,643,742</u>	<u>-</u>	<u>460,092</u>
U.S. Department of Justice					
LLEBG FY2000 Stop Sticks	16.592		28,567	-	3,174
Passed-through N.C. Department of Crime Control And Public Safety:					
Crime Victims Assistance (Hope Harbor)	16.575	010-1-00-P02-V-057	4,857	-	1,214
DCSI (CIS-After School Extended Learning)	16.579	010-1-00-P01-D-032	30,920	-	10,307
DCSI (CIS-Parent Child Developmental Program)	16.579	010-1-02-004-D-133	9,846	-	3,282
Total U.S. Department of Justice			<u>74,190</u>	<u>-</u>	<u>17,977</u>
Federal Emergency Management Agency					
Passed-through N.C. Department of Crime Control Public Safety:					
FEMA - Hurricane Floyd Property Acquisition & Relocation Grant Phase II	83.548	HFPAR-4292-0081	298,654	99,552	-
State Local Agreement Emerg. Mgt. Performance Grant	83.552	EMPG-2002-37019	13,894	-	-
Passed-through N.C. Division of Emergency Management					
Domestic Preparedness (Terrorism) Grant	83.552	NCEM-01-TC-001	15,269	-	-
Total Federal Emergency Management Agency			<u>327,817</u>	<u>99,552</u>	<u>-</u>
U.S. Department of Commerce:					
Economic Development Administration/Public Works - NE Brunswick WW	11.300		819,783	-	-
U.S. Environmental Protection Agency					
Passed through N.C. Department of Environmental and Natural Resources					
Construction Grants for Wastewater Treatment Wks					
NE Brunswick Wastewater Project	66.470	E-RHG-C-98-0002 6126-6919	10,400	519	-
U.S. Department of Defense:					
Mosquito Control Project (AIWW Contract)	12.107	DACW 54-01-P-3072	75,000	-	-
Mosquito Control Project (Wilmington Harbor Contract)	12.107	DACW54-010P-3070	30,000	-	-
Total U.S. Department of Defense			<u>105,000</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>\$ 58,877,057</u>	<u>\$ 22,534,285</u>	<u>\$ 6,085,256</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal	State	Fed. (Direct &	State	Local
	CFDA Number	Pass-through Grantor's Number	Pass-through Expenditures	Expenditures	Expenditures
STATE GRANTS					
N.C. Department of Administration:					
Veterans Service			\$ -	\$ 2,000	\$ 99,681
One Stop Absentee			-	8,900	-
N.C. Department of Human Resources					
Division of Social Services:					
Administration:					
CP&L Energy Program			-	4,963	-
State Aid to Counties			-	36,369	-
Direct Benefit Payments:					
State/County Special Assistance for Adults			-	473,286	473,286
State Foster Care Benefits Program			-	75,003	41,560
CWS Adopt Subsidy & Vendor			-	67,816	12,382
State Foster Care			-	60,913	60,913
FC At Risk Maximazation			-	8,558	5,154
Office of Juvenile Justice					
Juvenile Crime Prevention Council Programs		610000,16,18,19,20,21	-	182,107	-
N.C. Department of Environment and Natural Resources:					
Soil and Water Technical Assistance			-	20,643	20,643
Soil and Water - State Aid			-	4,000	-
Scrap Tire Site Clean-Up			-	20,673	-
White Goods Disposal			-	55,440	-
Environmental Health - Environmental Health Service			-	6,790	1,191,557
Environmental Health - Food & Lodging			-	12,036	-
Environmental Health - Lead Prevention			-	760	-
Clean Water Revolving Loan NE Brunswick WWTP			-	1,481,349	-
Clean Water Bond Grant NE Brunswick WWTP			-	3,000,000	-
NE Clean Water Mgt. Trust Fund NE WWTP			-	143,094	-
Mosquito Control - Operational Services			-	19,813	94,219
N.C. Department of Health and Human Services					
Division of Public Health:					
General			-	27,230	1,591,691
Communicable Disease			-	13,620	3,074
Tuberculosis			-	4,819	11,884
Healthy Carolinians			-	7,013	-
Child Health			-	48,310	27,851
Risk Reduction/Health Promotion			-	8,708	3,332
Aids			-	500	-
Immunization - State			-	2,102	-
N.C. Department of Correction:					
Criminal Justice Partnership Program			-	51,636	64,720
N.C. Department of Transportation:					
Elderly and Disabled Transportation Assistance			-	63,645	-
Work First Program - 2001			-	12,056	-
School Traffic Safety Program			-	9,488	32,700
State Airport Aid					
Runway Expansion - Preliminary Engineering		36237.45.1.1	-	14,813	1,646
Runway Expansion - Land Acquisition		36237.45.2.1	-	2,694,759	299,418
Airfield Improvement - Project Air 21		36237.45.3.1	-	150,000	16,667
Safety Project Taxiway Improvements - Air 21		36237.45.4.1	-	22,772	2,530
Cape Fear Council of Governments:					
Fans Program			-	867	-
NC Department of Cultural Resources:					
Division of State Library					
Aid to Public Libraries			-	135,531	-
LSTA Planning Grant			-	15,000	-

COUNTY OF BRUNSWICK, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-through Grantor/Program Title	Federal	State	Fed. (Direct &	State	Local
	CFDA Number	Pass-through Grantor's Number	Pass-through Expenditures	Expenditures	Expenditures
N.C. Department of Crime Control & Public Safety:					
Hazard/Flood Mitigation Grant		FMA-PL-00-01	\$ -	\$ 8,347	\$ -
Crisis Housing		00-D-112	-	840,695	-
Administrative Office of the Courts					
Cape Fear Sentencing Services			-	45,269	7,888
The Rural Center					
Clean Water Bond - Bell Swamp			-	62,500	-
Total State Assistance			-	9,924,193	4,062,796
Total Assistance			\$ 58,877,057	\$ 32,458,478	\$ 10,148,052

Notes to the Preceding Schedule:

Note 1 - Federal and State Awards Which Have Passed Through to Subrecipients:

Subrecipient/Program Title

Hope Harbor Home, Inc.:					
Victims of Crime Act	16.575	010-1-00-P02-V-057	\$ 4,857	\$ -	
Southeastern Mental Health Associates, Inc.:					
Court Psychologist		610016	-	53,023	
Brunswick Interagency Transportation					
EDTAP			-	32,810	
Family Emergency Teen Shelter					
JJDP, Providence Home		610018	-	38,023	
Intensive Family Based Intervention					
Family and Youth, Inc		610026	-	23,267	
Teen Court 13th District					
Teen Court		610021	-	46,023	
DCSI - Communities in Schools					
Parent/Child Development Project	16.579	010-1-02-004-D-133	30,920	-	
Brunswick Family Asst. Agency					
			-	1,998	
Southeastern Mental Health					
			-	1,494	
NC Department of Health and Humans Services for the Blind					
			-	4,000	
Rural Center					
Clean Water Bond - Town of Shallotte - Bell Swamp			-	62,500	
State Airport Aid					
Runway Expansion - Preliminary Engineering		36237.45.1.1	-	14,813	
Runway Expansion - Land Acquisition		36237.45.2.1	-	2,694,759	
Airfield Improvement - Project Air 21		36237.45.3.1	-	150,000	
Safety Project Taxiway Improvements - Air 21		36237.45.4.1	-	22,772	
Total Passed Through to Subrecipients			\$ 35,777	\$ 3,145,482	

Note 2 - Major Programs

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of federal awards expanded.

Note 3 - Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Brunswick County and is presented, as much as practicable, on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.